

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

LEGISLATIVE HISTORY

REORGANIZATION PLANS

80th Congress

1st and 2d Sessions

TABLE OF CONTENTS

History and Digest of President's Reorganization Plans . . .	1
May 1, 1947	Plan 1
May 1, 1947	Plan 2
May 27, 1947	Plan 3
January 19, 1948	Plan 1

HISTORY AND DICEST OF PRESIDENT'S REORGANIZATION PLANS

The Reorganization Act of 1945, Public Law 263 - 79th Congress, requires the President to examine Government organization and determine what changes are necessary. When the President feels changes should be made, he is authorized to prepare and send to Congress reorganization plans, provided they are submitted before April 1, 1948. Provides that plans shall take effect after 60 days unless disapproved by both houses of Congress.

The President submitted three plans during the 79th Congress. (See Legislative History on Public Law 263 - 79th Congress). The following four plans were submitted during the 1st and 2d Sessions of the 80th Congress.

PLAN NO. 1 of 1947. House Document No. 230. (became effective July 1, 1947). Makes permanent a wartime discontinuance of the function of the President with respect to approving determinations of the Secretary of Agriculture in connection with agricultural marketing orders under the Agricultural Marketing Agreement Act of 1937. Continues authority for the establishment of the Agricultural Research Administration under the Secretary of Agriculture, comprising the Bureau of Animal Industry; Bureau of Dairy Industry; Bureau of Plant Industry, Soils, and Agricultural and Industrial Chemistry; Bureau of Human Nutrition and Home Economics; Office of Experiment Stations; and the Agricultural Research Center. Makes permanent the wartime transfer of the supervision of the Federal Credit unions from the Farm Credit Administration to the Federal Deposit Insurance Corporation. Consolidates all surplus property functions created by Executive Order and those provided for under the Surplus Property Act of 1944 and related acts, in the War Assets Administration. Transfers the Office of Contract Settlement to the Treasury Department, and the functions of the Alien Property Custodian to the Justice Department.

PLAN NO. 2 of 1947. House Document No. 231. Plan No. 2 was rejected by Congress.

PLAN NO. 3 of 1947. House Document No. 270. (became effective July 27, 1947). Consolidates the Home Owners' Loan Corporation, the Federal Savings and Loan Insurance Corporation, the Federal Housing Administration, the United States Housing Authority, the Defense Homes Corporation, and the United States Housing Corporation into an agency to be known as the Housing and Home Finance Agency, with an administrator appointed by the President with the consent of the Senate. Provides for the following three constituent agencies in the Housing and Home Finance Agency: The Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Administration. Establishes in the Housing and Home Finance Agency, a National Housing Council of which the Secretary of Agriculture or his designee shall be a member.

PLAN NO. 1 of 1948. House Document No. 499. Plan No. 1 was rejected by Congress.

REORGANIZATION PLAN NO. 1 of 1947

May 1, 1947

Message from the President of the United States transmitting Reorganization Plan No. 1. House Document No. 230. Print of the Document.

May 21, 1947

House Concurrent Resolution 50 was submitted by Rep. Hoffman and was referred to the House Committee on Expenditures in the Executive Departments. Print of the Resolution as submitted.

Hearings: House, H. Con. Res. 50.

Note: No further action was taken on the Resolution; therefore, Plan No. 1 became effective July 1, 1947, 60 days after it was submitted to Congress.

REORGANIZATION PLAN NO. 1 OF 1947

M E S S A G E

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

REORGANIZATION PLAN NO. 1 OF 1947

MAY 1, 1947.—Referred to the Committee on Expenditures in the Executive Departments and ordered to be printed

To the Congress of the United States:

I am transmitting herewith Reorganization Plan No. 1 of 1947. The provisions of this plan are designed to maintain organizational arrangements worked out under authority of title I of the First War Powers Act. The plan has a twofold objective: to provide for more orderly transition from war to peacetime operation and to supplement my previous actions looking toward the termination of wartime legislation.

The First War Powers Act provides that title I—

shall remain in force during the continuance of the present war and for six months after the termination of the war, or until such earlier time as the Congress by concurrent resolution or the President may designate.

Upon the termination of this title all changes in the organization of activities and agencies effected under its authority expire and the functions revert to their previous locations, unless otherwise provided by law.

Altogether nearly 135 Executive orders have been issued in whole or in part under title I of the First War Powers Act. The internal organization of the War and Navy Departments has been drastically overhauled under this authority. Most of the emergency agencies, which played so vital a role in the successful prosecution of the war, were based in whole or in part upon this title. Without the ability, which these provisions afforded, to adjust the machinery of government to changing needs, it would not have been possible to develop the effective, hard-hitting organization which produced victory. The organization of war activities had to be worked out step by step

as the war program unfolded and experience pointed the way. That was inevitable. The problems and the functions to be performed were largely new. Conditions changed continually and often radically. Speed of action was essential. But with the aid of title I of the First War Powers Act, it was possible to gear the administrative machinery of the Government to handle the enormous load thrust upon it by the rapidly evolving war program.

Since VJ-day this same authority has been used extensively in demobilizing war agencies and reconvertng the governmental structure to peacetime needs. This process has been largely completed. The bulk of temporary activities have ceased, and most of the continuing functions transferred during the war have already been placed in their appropriate peacetime locations.

The organizational adjustments which should be continued are essentially of two types: First, changes in the organization of permanent functions, which have demonstrated their advantage during the war years. Second, transfers of continuing activities which were vested by statute in temporary war agencies but have since been moved by Executive order upon the termination of these agencies.

In most cases the action necessary to maintain organizational gains made under title I of the First War Powers Act can best be taken by the simplified procedure afforded by the Reorganization Act of 1945, the first purpose of which was to facilitate the orderly transition from war to peace. All of the provisions of this plan represent definite improvements in administration. Several are essential steps in demobilizing the war effort. The arrangements they provide for have been reviewed by the Congress in connection with appropriation requests. Since the plan does not change existing organization, savings cannot be claimed for it. However, increased expense and disruption of operations would result if the present organization were terminated and the activities reverted to their former locations.

In addition to the matters dealt with in this reorganization plan and in Reorganization Plan No. 2 of 1947, there are several other changes in organization made under title I of the First War Powers Act on which action should be taken before the termination of the title. The proposed legislation for a National Defense Establishment provides for continuing the internal organizational arrangements made in the Army and Navy pursuant to the First War Powers Act. I have on several occasions recommended the creation of a single agency for the administration of housing programs. Since section 5 (e) of the Reorganization Act of 1945 may cast some doubt on my authority to assign responsibility for the liquidation of the Smaller War Plants Corporation by reorganization plan, I recommend that the Reconstruction Finance Corporation be authorized by legislation to continue to liquidate the affairs relating to functions transferred to it from the Smaller War Plants Corporation.

It is imperative that title I of the First War Powers Act remain effective until all of these matters have been dealt with. An earlier termination of the title would destroy important advances in organization and impair the ability of the executive branch to administer effectively some of the major programs of the Government.

I have found, after investigation, that each reorganization contained in this plan is necessary to accomplish one or more of the purposes set

forth in section 2 (a) of the Reorganization Act of 1945. Each of these reorganizations is explained below.

FUNCTIONS OF THE ALIEN PROPERTY CUSTODIAN

The reorganization plan provides for the permanent location of the functions vested by statute in the Alien Property Custodian and the Office of Alien Property Custodian. In 1934 the functions of the Alien Property Custodian were transferred to the Department of Justice, where they remained until 1942. Because of the great volume of activity resulting from World War II, a separate Office of Alien Property Custodian was created by Executive Order No. 9095 of March 11, 1942. This Office was terminated by Executive Order No. 9788 of October 14, 1946, and the functions of the Office and of the Alien Property Custodian were transferred to the Attorney General except for those relating to Philippine property. The latter were transferred simultaneously to the Philippine Alien Property Administration established by Executive Order No. 9789.

While the Trading With the Enemy Act, as amended at the beginning of the war, authorized the President to designate the agency or person in which alien property should vest and to change such designations, subsequent legislation has lodged certain functions in the Alien Property Custodian and the Office of Alien Property Custodian. Similarly, though the Philippine Property Act vested in the President the then existing alien property functions as to Philippine property, certain functions affecting such property have since been established which have been assigned by statute to the Alien Property Custodian.

In order to maintain the existing arrangements for the administration of alien property and to avoid the confusion which otherwise would occur on the termination of title I of the First War Powers Act, the reorganization plan transfers to the Attorney General all functions vested by law in the Alien Property Custodian and the Office of Alien Property Custodian except as to Philippine property. The functions relating to Philippine property are transferred to the President, to be performed by such officer or agency as he may designate, thus permitting the continued administration of these functions through the Philippine Alien Property Administration.

APPROVAL OF AGRICULTURAL MARKETING ORDERS

Section 8c of the Agricultural Marketing Agreements Act of 1937 provides that marketing orders of the Secretary of Agriculture must in certain cases be approved by the President before issuance. In order to relieve the President of an unnecessary burden, the responsibility for approval was delegated to the Economic Stabilization Director during the war, and was formally transferred to him by Executive Order No. 9705 of March 15, 1946. Since the Secretary of Agriculture is the principal adviser of the President in matters relating to agriculture, and since final authority has been assigned to the Secretary by law in many matters of equal or greater importance, the requirement of Presidential approval of individual marketing orders may well be discontinued. Accordingly, the plan abolishes the function of the President relative to the approval of such orders.

CONTRACT SETTLEMENT FUNCTIONS

The Office of Contract Settlement was established by law in 1944 and shortly thereafter was placed by statute in the Office of War Mobilization and Reconversion. The principal purposes of the Office of Contract Settlement have been to prescribe the policies, regulations, and procedures governing the settlement of war contracts, and to provide an appeal board to hear and decide appeals from the contracting agencies in the settlement of contracts. A remarkable record has been achieved for the rapid settlement of war contracts, but among those which remain are some of the largest and most complex. Considerable time may be required to complete these cases and dispose of the appeals.

Though the functions of the Office of Contract Settlement cannot yet be terminated, it is evident that they no longer warrant the maintenance of a separate office. For this reason Executive Order No. 9809 of December 12, 1946, transferred the functions of the Director of Contract Settlement to the Secretary of the Treasury and those of the Office of Contract Settlement to the Department of the Treasury. As the central fiscal agency of the executive branch the Treasury Department is clearly the logical organization to carry to conclusion the over-all activities of the contract settlement program. The plan continues the present arrangement and abolishes the Office of Contract Settlement, thereby avoiding its reestablishment as a separate agency on the termination of title I of the First War Powers Act.

NATIONAL PROHIBITION ACT FUNCTIONS

The act of May 27, 1930 (46 Stat. 427), imposed upon the Attorney General certain duties respecting administration and enforcement of the National Prohibition Act. By Executive Order No. 6639 of March 10, 1934, all of the powers and duties of the Attorney General respecting that act, except the power and authority to determine and to compromise liability for taxes and penalties, were transferred to the Commissioner of Internal Revenue. The excepted functions, however, were transferred subsequently to the Commissioner of Internal Revenue by Executive Order No. 9302 of February 9, 1943, issued under the authority of title I of the First War Powers Act, 1941.

Since the functions of determining taxes and penalties under various statutes and of compromise of liability therefor prior to reference to the Attorney General for suit are well-established functions of the Commissioner of Internal Revenue, this minor function under the National Prohibition Act is more appropriately placed in the Bureau of Internal Revenue than in the Department of Justice.

AGRICULTURAL RESEARCH FUNCTIONS

By Executive Order No. 9069 of February 23, 1942, six research bureaus, the Office of Experiment Stations, and the Agricultural Research Center were consolidated into an Agricultural Research Administration to be administered by an officer designated by the Secretary of Agriculture. The constituent bureaus and agencies of the Administration have, in practice, retained their separate identity. This consolidation and certain transfers of functions between the

constituent bureaus and agencies have all been recognized and provided for in the subsequent appropriation acts passed by the Congress.

By the plan the functions of the eight research bureaus and agencies which are presently consolidated into the Agricultural Research Administration are transferred to the Secretary of Agriculture to be performed by him or under his direction and control by such officers or agencies of the Department of Agriculture as he may designate.

The benefits which have been derived from centralized review, coordination, and control of research projects and functions by the Agricultural Research Administrator have amply demonstrated the lasting value of this consolidation. By transferring the functions of the constituent bureaus and agencies to the Secretary of Agriculture, it will be possible to continue this consolidation and to make such further adjustments in the organization of agricultural research activities as future conditions may require. This assignment of functions to the Secretary is in accord with the sound and long-established practice of the Congress of vesting substantive functions in the Secretary of Agriculture rather than in subordinate officers or agencies of the Department.

CREDIT UNION FUNCTIONS

The plan makes permanent the transfer of the administration of Federal functions with respect to credit unions to the Federal Deposit Insurance Corporation. These functions, originally placed in the Farm Credit Administration, were transferred to the Federal Deposit Insurance Corporation by Executive Order No. 9148 of April 27, 1942. Most credit unions are predominantly urban institutions, and the credit-union program bears very little relation to the functions of the Farm Credit Administration. The supervision of credit unions fits in logically with the general bank supervisory functions of the Federal Deposit Insurance Corporation. The Federal Deposit Insurance Corporation since 1942 has successfully administered the credit-union program, and the supervision of credit-union examiners has been integrated into the field and departmental organization of the Corporation. In the interests of preserving an organizational arrangement which operates effectively and economically, the program should remain in its present location.

WAR ASSETS ADMINISTRATION

The present organization for the disposal of surplus property is the product of 2½ years of practical experience. Beginning with the Surplus Property Board in charge of general policy and a group of agencies designated by it to handle the disposal of particular types of property, the responsibility for most of the surplus disposal has gradually been drawn together in one agency—the War Assets Administration—headed by a single Administrator. Experience has demonstrated the desirability of centralized responsibility in administering this most difficult program.

The reorganization plan will continue the centralization of surplus disposal functions in a single agency headed by an Administrator. This is accomplished by transferring the functions, personnel, property, records, and funds of the War Assets Administration created by Executive order to the statutory Surplus Property Administration.

In order to avoid confusion and to maintain the continuity of operations, the name of the Surplus Property Administration is changed to War Assets Administration.

Because the plan combines in one agency, not only the policy functions now vested by statute in the Surplus Property Administrator, but also the immense disposal operations now concentrated in the temporary War Assets Administration, I have found it necessary to provide in the plan for an Associate War Assets Administrator, also appointed by the President with the approval of the Senate. It is essential that there be an officer who can assist the Administrator in the general management of the agency and who can take over the direction of its operations in case of the absence or disability of the Administrator or of a vacancy in his office.

HARRY S. TRUMAN.

THE WHITE HOUSE, May 1, 1947.

REORGANIZATION PLAN NO. 1 OF 1947

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, May 1, 1947, pursuant to the provisions of the Reorganization Act of 1945, approved December 20, 1945

PART I. PRESIDENT AND DEPARTMENT OF JUSTICE

SECTION 101. *Functions of the Alien Property Custodian.*—(a) Except as provided by subsection (b) of this section, all functions vested by law in the Alien Property Custodian or the Office of Alien Property Custodian are transferred to the Attorney General and shall be performed by him or, subject to his direction and control, by such officers and agencies of the Department of Justice as he may designate.

(b) The functions vested by law in the Alien Property Custodian or the Office of Alien Property Custodian with respect to property or interests located in the Philippines or which were so located at the time of vesting in or transfer to an officer or agency of the United States under the Trading with the Enemy Act, as amended, are transferred to the President and shall be performed by him or, subject to his direction and control, by such officers and agencies as he may designate.

SEC. 102. *Approval of agricultural marketing orders.*—The function of the President with respect to approving determinations of the Secretary of Agriculture in connection with agricultural marketing orders, under the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 608c (9)), is abolished.

PART II. DEPARTMENT OF THE TREASURY

SEC. 201. *Contract settlement functions.*—The functions of the Director of Contract Settlement and of the Office of Contract Settlement are transferred to the Secretary of the Treasury and shall be performed by him or, subject to his direction and control, by such officers and agencies of the Department of the Treasury as he may designate. The Contract Settlement Advisory Board created by

section 5 of the Contract Settlement Act of 1944 (58 Stat. 649) and the Appeal Board established under section 13 (d) of that Act are transferred to the Department of the Treasury: *Provided*, That the functions of the boards shall be performed by them, respectively, under such conditions and limitations as may now or hereafter be prescribed by law. The Office of Contract Settlement is abolished.

SEC. 202. *National Prohibition Act functions.*—The functions of the Attorney General and of the Department of Justice with respect to (a) the determination of Internal Revenue taxes and penalties (exclusive of the determination of liability guaranteed by permit bonds) arising out of violations of the National Prohibition Act occurring prior to the repeal of the eighteenth amendment to the Constitution, and (b) the compromise, prior to reference to the Attorney General for suit, of liability for such taxes and penalties, are transferred to the Commissioner of Internal Revenue, Department of the Treasury: *Provided*, That any compromise of such liability shall be effected in accordance with the provisions of section 3761 of the Internal Revenue Code. All files and records of the Department of Justice used primarily in the administration of the functions transferred by the provisions of this section are hereby made available to the Commissioner of Internal Revenue for use in the administration of such functions.

PART III. DEPARTMENT OF AGRICULTURE

SEC. 301. *Agricultural research functions.*—The functions of the following agencies of the Department of Agriculture, namely, the Bureau of Animal Industry, the Bureau of Dairy Industry, the Bureau of Plant Industry, Soils, and Agricultural Engineering, the Bureau of Entomology and Plant Quarantine, the Bureau of Agricultural and Industrial Chemistry, the Bureau of Human Nutrition and Home Economics, the Office of Experiment Stations, and the Agricultural Research Center, together with the functions of the Agricultural Research Administrator, are transferred to the Secretary of Agriculture and shall be performed by the Secretary or, subject to his direction and control, by such officers and agencies of the Department of Agriculture as he may designate.

PART IV. FEDERAL DEPOSIT INSURANCE CORPORATION

SEC. 401. *Credit union functions.*—The functions of the Farm Credit Administration and the Governor thereof under the Federal Credit Union Act, as amended, together with the functions of the Secretary of Agriculture with respect thereto, are transferred to the Federal Deposit Insurance Corporation.

PART V. WAR ASSETS ADMINISTRATION

SEC. 501. *War Assets Administration and War Assets Administrator.*—All functions of the War Assets Administration and of the War Assets Administrator established by Executive Order Numbered 9689 of January 31, 1946, are transferred to the Surplus Property Administration and the Surplus Property Administrator, respectively, which were created by the Act of September 18, 1945 (59 Stat.

533, ch. 368). The latter agencies shall hereafter be known as the War Assets Administration and the War Assets Administrator, respectively. The agencies established by Executive Order Numbered 9689 are abolished. The functions transferred by this section shall be performed by the War Assets Administrator or, subject to his direction and control, by such officers and agencies of the War Assets Administration as he may designate: *Provided*, That the functions specifically vested in the Surplus Property Administrator by the Surplus Property Act of 1944, as amended, and by the Act of September 18, 1945, shall be performed by the War Assets Administrator or by the Associate Administrator as provided in section 502 hereof.

SEC. 502. *Associate War Assets Administrator.*—There shall be in the War Assets Administration an Associate War Assets Administrator, who shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate of \$10,000 per annum. The Associate War Assets Administrator shall act for the War Assets Administrator in all matters during the absence or disability of the Administrator; or in the event of a vacancy in the office of Administrator, and shall perform such other duties as the Administrator may prescribe.

PART VI. GENERAL PROVISIONS

SEC. 601. *Termination of functions.*—Nothing contained in this reorganization plan shall be deemed to extend the duration of any function beyond the time when it would otherwise expire as provided by law.

SEC. 602. *Transfer of records, property, personnel, and funds.*—There are hereby transferred to the respective agencies in which functions are vested pursuant to the provisions of this plan, to be used, employed, and expended in connection with such functions, respectively, or in winding up the affairs of agencies abolished in connection with the transfer of such functions, (1) the records and property now being used or held in connection with such functions, (2) the personnel employed in connection with such functions, and (3) the unexpended balances of appropriations, allocations, or other funds available or to be made available for use in connection with such functions.

SEC. 603. *Effective date.*—The provisions of this plan shall take effect on July 1, 1947, unless a later date is required by the provisions of the Reorganization Act of 1945.

80TH CONGRESS
1ST SESSION

H. CON. RES. 50

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 1947

Mr. HOFFMAN submitted the following concurrent resolution; which was referred to the Committee on Expenditures in the Executive Departments

CONCURRENT RESOLUTION

- 1 *Resolved by the House of Representatives (the Senate*
- 2 *concurring)*, That the Congress does not favor the Reorgani-
- 3 zation Plan Numbered 1 of May 1, 1947, transmitted to
- 4 Congress by the President on the first of May 1947.

80TH CONGRESS
1ST Session

H. CON. RES. 50

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 1 of May 1, 1947.

By Mr. HOFFMAN

May 21, 1947

Referred to the Committee on Expenditures in the
Executive Departments

REORGANIZATION PLAN NO. 2 of 1947

May 1, 1947 Message from the President of the United States transmitting Reorganization Plan No. 2 of 1947. House Document No. 231. Print of the Document.

May 21, 1947 House Concurrent Resolution 49 was submitted by Rep. Hoffman and was referred to the House Committee on Expenditures in the Executive Departments. Print of the Resolution.

 Hearings: House, H. Con. Res. 49.

June 2, 1947 House Committee reported H. Con. Res. 49 without amendment. House Report 499. Print of the Resolution as reported.

June 10, 1947 H. Con. Res. 49 was debated in the House and passed without amendment.

June 11, 1947 H. Con. Res. 49 was referred to the Senate Committee on Labor and Public Welfare. Print of the Resolution.

June 16, 1947 Hearings: Senate, H. Con. Res. 49.

June 18, 1947 Senate Committee approved, but did not actually report H. Con. Res. 49.

June 20, 1947 Senate Committee reported H. Con. Res. 49 unfavorably. Senate Report 320. Print of the Resolution.

June 30, 1947 Senate debated H. Con. Res. 49, and agreed to pass the Resolution.

Note: H. Con. Res. 49 was against adoption of the Plan, therefore, Plan 2 was rejected by Congress.

REORGANIZATION PLAN NO. 2 OF 1947

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

REORGANIZATION PLAN NO. 2 OF 1947

MAY 1, 1947.—Referred to the Committee on Expenditures in the Executive Departments and ordered to be printed

To the Congress of the United States:

I am transmitting herewith Reorganization Plan No. 2 of 1947, prepared in accordance with the provisions of the Reorganization Act of 1945. The plan permanently transfers to the Department of Labor the United States Employment Service, which is now in the Department by temporary transfer under authority of title I of the First War Powers Act. In addition, the plan effects two other changes in organization to improve the administration of labor functions.

I am deeply interested in the continued development of the Department of Labor. The critical national importance of effective governmental action on labor problems requires proper assignment of responsibility for the administration of Federal labor programs. Such programs should be under the general leadership of the Secretary of Labor, and he should have an adequate organization for this purpose. The provisions of this plan are directed to this objective.

I have found, after investigation, that each reorganization contained in the plan is necessary to accomplish one or more of the purposes set forth in section 2 (a) of the Reorganization Act of 1945.

UNITED STATES EMPLOYMENT SERVICE

The United States Employment Service was established by the Wagner-Peyser Act in the Department of Labor. Later, by Reorganization Plan No. 1, effective July 1, 1939, it was transferred to the

Social Security Board in the Federal Security Agency and administered in conjunction with the unemployment-compensation program. During the war the Employment Service was extensively reorganized. The critical nature of the labor-supply problem greatly increased the importance of the Service and compelled the Federal Government to take over the administration of the entire employment-office system on a temporary basis.

Soon after the creation of the War Manpower Commission the United States Employment Service was transferred to the Commission, by Executive Order No. 9247 of September 17, 1942, and became the backbone of the Commission's organization and program. When the Commission was terminated shortly after VJ-day, most of its activities, including the United States Employment Service, were shifted by Executive Order No. 9617 to the Department of Labor, the central agency for the performance of Federal labor functions under normal conditions. Both of these transfers were made under authority of title I of the First War Powers Act. More recently, the Employment Service was returned to its prewar status as a joint Federal-State operation.

The provision of a system of public employment offices is directly related to the major purpose of the Department of Labor. Through the activities of the employment office system the Government has a wide and continuous relationship with workers and employers concerning the basic question of employment. To a rapidly increasing degree, the employment office system has become the central exchange for workers and jobs and the primary national source of information on labor market conditions. In the calendar year 1946 it filled 7,140,000 jobs, and millions of workers used its counsel on employment opportunities and on the choice of occupations.

The Labor Department obviously should continue to play a leading role in the development of the labor market and to participate in the most basic of all labor activities—assisting workers to get jobs and employers to obtain labor. Policies and operations of the Employment Service must be determined in relation to over-all labor standards, labor statistics, labor training, and labor law—on all of which the Labor Department is the center of specialized knowledge in the Government. Accordingly, the reorganization plan transfers the United States Employment Service to the Department of Labor.

FUNCTIONS OF THE ADMINISTRATOR OF THE WAGE AND HOUR DIVISION

The plan transfers the functions of the Administrator of the Wage and Hour Division to the Secretary of Labor to be performed subject to his direction and control. The fair labor standards bill was drafted on the assumption that the Wage and Hour Division would be made an independent establishment. As finally passed, however, the act placed the Division in the Department of Labor but was entirely silent on the authority of the Secretary over it. As a result, the Secretary has lacked an adequate legal basis for supervising and directing the affairs of the Division, and it has had an ambiguous status in the Department. The transfer effected by the plan will eliminate uncertainty as to the Secretary's control over the administration of the Wage and Hour Division and will enable him to tie it into the Department more effectively. This in turn will facilitate

working out a sound combination of wage and hour, child labor, and related enforcement activities of the Department, and will permit the Secretary to simplify and strengthen the organization of the Department.

COORDINATION OF ADMINISTRATION OF LABOR LAWS ON FEDERAL
PUBLIC-WORKS CONTRACTS

The Congress has enacted several laws regulating wages and hours of workers employed on Federal public-works contracts. The oldest of these are the 8-hour laws fixing a maximum 8-hour day for laborers and mechanics on such projects. More recently the Davis-Bacon Act established the prevailing wage rates for the corresponding classes of workers in the locality as the minimum rates for employees on certain Federal public-works contracts and required the Secretary of Labor to determine the prevailing rates. Another measure, the Copeland Act, prohibited the exaction of rebates or kick-backs from workers on public works financed by the Federal Government, and authorized the Secretary of Labor to prescribe regulations for contractors on such works.

The actual enforcement of these acts rests almost entirely with the Federal agencies entering into the contracts. This is proper since the engineers and inspectors of the contracting agencies are in close touch with the operation of the projects and, in the case of cost-plus contracts, the pay rolls and accounts of the contractors are examined by the auditors of these agencies.

The enforcement practices of the various contracting agencies, however, differ widely in character and effectiveness. Some agencies have instructed their inspectors thoroughly as to the acts and their enforcement and have adopted procedures for carefully checking the records of the contractors and the operation of the projects to determine compliance with Federal labor laws. On the other hand, some agencies have failed to institute effective enforcement procedures. As a result, enforcement has been very uneven and workers have not had the protection to which they were entitled. With the return to a normal peacetime labor market the danger of violations will be much greater than in recent years.

To correct this situation the plan authorizes the Secretary of Labor to coordinate the administration of the acts for the regulation of wages and hours on Federal public works by establishing such standards, regulations, and procedures to govern the enforcement efforts of the contracting agencies, and by making such investigations as may be necessary to assure consistent enforcement. The plan does not transfer enforcement operations from the contracting agencies to the Department of Labor, as the former can perform the work more economically than the Department because of their close contact with the projects. Rather it assures more uniform and effective action by the contracting agencies.

HARRY S. TRUMAN.

THE WHITE HOUSE, May 1, 1947.

REORGANIZATION PLAN NO. 2 OF 1947

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, May 1, 1947, pursuant to the provisions of the Reorganization Act of 1945, approved December 20, 1945

DEPARTMENT OF LABOR

SECTION 1. *United States Employment Service.*—The United States Employment Service is transferred to the Department of Labor. The functions of the Federal Security Administrator with respect to the United States Employment Service are transferred to the Secretary of Labor and shall be performed by the Secretary or, subject to his direction and control, by such officers and agencies of the Department of Labor as he may designate.

SEC. 2. *Functions of the Administrator of the Wage and Hour Division.*—The functions vested in the Administrator of the Wage and Hour Division of the Department of Labor by the Fair Labor Standards Act of 1938 (52 Stat. 1060, ch. 676), as amended, are transferred to the Secretary of Labor and shall be performed by the Secretary or, subject to his direction and control, by such officers and agencies of the Department of Labor as the Secretary may designate.

SEC. 3. *Coordination of administration of labor laws on Federal public works contracts.*—In order to coordinate the administration of the following Acts by the Federal agencies contracting for the construction, alteration, or repair of public buildings or public works subject thereto, the Secretary of Labor shall prescribe such standards, regulations, and procedures to be observed by the contracting agencies, and shall make such investigations, as may be necessary to assure consistent enforcement of such Acts: (a) the Act of March 3, 1931 (46 Stat. 1494, ch. 411), as amended; (b) the Act of June 13, 1934 (48 Stat. 948, ch. 482); (c) the Act of August 1, 1892 (27 Stat. 340, ch. 352), as amended; and (d) the Act of June 19, 1912 (37 Stat. 137, ch. 174), as amended.

SEC. 4. *Transfer of records, property, personnel and funds.*—There are hereby transferred to the respective agencies in which functions are vested pursuant to the provisions of this plan, to be used, employed, and expended in connection with such functions, respectively, (1) the records and property now being used or held in connection with such functions, (2) the personnel employed in connection with such functions, and (3) the unexpended balances of appropriations, allocations, or other funds available or to be made available for use in connection with such functions.

SEC. 5. *Effective date.*—The provisions of this plan shall take effect on July 1, 1947, unless a later date is required by the provisions of the Reorganization Act of 1945.

80TH CONGRESS
1ST SESSION

H. CON. RES. 49

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 1947

Mr. HOFFMAN submitted the following concurrent resolution; which was referred to the Committee on Expenditures in the Executive Departments

CONCURRENT RESOLUTION

- 1 *Resolved by the House of Representatives (the Senate*
- 2 *concurring), That the Congress does not favor the Reor-*
- 3 *ganization Plan Numbered 2 of May 1, 1947, transmitted*
- 4 *to Congress by the President on the 1st day of May 1947.*

80TH CONGRESS
1ST SESSION

H. CON. RES. 49

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 2 of May 1, 1947.

By Mr. HOFFMAN

MAY 21, 1947

Referred to the Committee on Expenditures in the
Executive Departments

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued June 3, 1947
For actions of June 2, 1947
80th-1st, No. 103

CONTENTS

Appropriations.....2,12,17	Housing.....16	Quarantine, animal.....12
Claims.....23	Insect control.....1,18	Reports.....3
Education.....30	Labor.....10	Roads.....16
Electrification, rural.....19,27	Lands.....5,7	Small business.....29
Federal aid.....30	Lands, grant.....25,32	Sugar.....11,22
Flour.....3,20	Lands, reclamation.....4,6,13	Taxation.....8
Foreign affairs.....2,31	Livestock and meat.....12	Trade, foreign.....9
Forests and forestry.....1,14,16,18	Organization, executive.....10	Transportation.....21
Grain.....3,20	Personnel.....15,24	Veterans' benefits.....15,32
	Potatoes.....26	Wool.....28

HIGHLIGHTS: House received appropriation estimate for foot-and-mouth disease. House passed over bill to extend reclamation laws to Ark. Rep. Rogers urged elimination of sugar controls. House committee reported resolution to disapprove reorganization plan which authorizes Labor Department to coordinate enforcement of public-contracs laws. House committee reported bill to protect forests from insects and diseases. House received appropriation estimate for foreign relief. Rep. Richlman urged use of surplus potatoes by private industry for flour, etc. Rep. Boykin supported increased REA funds. Rep. Kunkel introduced bill to provide sugar for home canning. Senate passed bill to continue rent control with amendment making \$10,000,000 additional available for access roads to standing timber.

HOUSE

- FORESTRY; INSECTS, DISEASES.** The Agriculture Committee reported without amendment H. R. 1974, to provide for protection of forests against destructive insects and diseases (H. Rept. 501)(p. 6372). A similar bill, S. 597, has passed the Senate.
- FOREIGN RELIEF.** Received from the President a supplemental appropriation estimate of \$350,000,000 for relief assistance to war-devastated countries (H. Doc. 284); to Appropriations Committee (p. 6372).
- FLOUR INDUSTRY.** Received from the Federal Trade Commission a report, "Growth and Concentration in the Flour Industry" (H. Doc. 282); to Interstate and Foreign Commerce Committee (p. 6372).
- RECLAMATION.** Passed as reported H. R. 1556, to provide basic authority for the performance of certain functions of the Bureau of Reclamation (pp. 6334-6). (The Congressional Record implies, but does not specifically state, that this bill was passed; the Daily Digest states that it was passed.)
- PUBLIC LANDS.** Passed without amendment S. 583, authorizing the Interior Department to exchange Silver Creek recreational demonstration project lands for other lands, to consolidate Federal holdings in this area. A similar bill, H. R. 1871, was laid on the table. (pp. 6339.)
- RECLAMATION.** Passed as reported H. R. 3143, to authorize construction, operation, and maintenance of the Paonia Federal reclamation project, Colo. (pp. 6339-40).
- RESERVOIR LANDS.** Passed without amendment H. R. 195, to authorize this Department to sell to Sitka, Alaska, at its appraised value, a 1.3-acre tract formerly used as a site for research and weather service (p. 6341):

8. TAXATION. Agreed, 220-99, to the conference report on H. R. 1, the tax-reduction bill (pp. 6350-8). The Senate has not yet acted on the report.
9. EXPORT-IMPORT BANK. Passed without amendment S. 993, to provide for reincorporation of the Export-Import Bank of Washington and to continue its functions until June 30, 1953. Rejected an amendment by Rep. Smith, Ohio, to limit its life to 1949, by a 3-33 vote. (pp. 6362-6.)
10. REORGANIZATION. The Expenditures in the Executive Departments Committee report ed without amendment H. Con. Res. 49, to disapprove Reorganization Plan 2 of May 1, 1947 (H. Rept. 499) (p. 6372). This Plan authorizes the Secretary of Labor to coordinate the administration of the acts for regulation of wages and hours on Federal public works by establishing such standards, regulations, and procedures to govern the enforcement efforts of the contracting agencies, and by making such investigations as may be necessary to assure consistent enforcement. It also provides for administration of the Fair Labor Standards Act subject to the direction and control of the Secretary of Labor, and transfers the U. S. Employment Service from the Federal Security Agency to the Labor Department.
11. SUGAR CONTROLS. Rep. Rogers, Mass., spoke in favor of elimination of sugar controls, claiming that sugar "is flowing out of the windows and the doors and everything else" (pp. 6367-8).
12. APPROPRIATIONS. Received from the President a supplemental appropriation estimate of \$65,000,000 additional for cooperation with Mexico in combatting foot-and-mouth disease (H. Doc. 283); to Appropriations Committee (p. 6372).
13. RECLAMATION. On objection of Rep. Allen, La., passed over H. R. 1274, to extend the reclamation laws to Ark. (p. 6344).
14. FORESTRY. On objection of Rep. Colmer, Miss., passed over H. R. 1826, making it a petty offense to enter any national-forest land while it is closed to the public (p. 6341).
15. PERSONNEL. At the request of Rep. Cole, N. Y., passed over H. R. 966, to make it mandatory for an administrative officer to take corrective action recommended by the Civil Service Commission in the case of appeals made by veterans' preference eligibles because of discharge, suspension, demotion, etc. (p. 6337).

SENATE

16. HOUSING; ROADS. Passed with amendments H.R. 3203, to continue rent controls (pp. 6278-98). Agreed to amendments by Sens. Cordon and McClellan making \$10,000,000 additional available for access roads to standing timber and excluding from controls construction in connection with State and county fairs and agricultural expositions (pp. 6285-91). Sens. Buck, McCarthy, Cain, Fulbright, and Taylor were appointed conferees (p. 6298). House conferees have not yet been appointed. The bill as passed by the House would return to the Treasury any Housing Expediter funds allocated but not yet expended or committed for access roads to timber.
17. TREASURY-POST OFFICE APPROPRIATION BILL, 1948. Passed with amendments this bill, H.R. 2436 (pp. 6298-302). Senate conferees were appointed (p. 6302). House conferees have not yet been appointed.

REORGANIZATION PLAN NO. 2 OF 1947

JUNE 2, 1947.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HOFFMAN, from the Committee on Expenditures in the Executive Departments, submitted the following

REPORT

[To accompany H. Con. Res. 49]

The Committee on Expenditures in the Executive Departments, to whom was referred the concurrent resolution (H. Con. Res. 49) against adoption of Reorganization Plan No. 2 of May 1, 1947, having considered the same, report favorably thereon without amendment and recommend that the concurrent resolution do pass.

GENERAL STATEMENT

The purpose of this resolution is to express disapproval of Reorganization Plan No. 2 of May 1, 1947, transmitted to Congress by the President on the 1st day of May 1947, and the effect of its adoption by the Congress will be to prevent such plan from coming into force and effect on July 1, 1947.

The effects of the reorganization plan, in the absence of a disapproval of a concurrent resolution, would be as follows:

First: The United States Employment Service will be permanently administered by the Department of Labor instead of reverting, upon termination of title 1 of the First War Powers Act (U. S. C. 50, App. 601-605), to the Social Security Board from which it was, by Executive order, transferred, first to the War Manpower Commission, then to the Department of Labor.

Second: The function of the Administrator of the Wage and Hour Division, vested in him by the Fair Labor Standards Act of 1938, as amended, will be transferred to the Secretary of Labor.

Third: The enforcement practices of the various contracting agencies governed by Federal legislation regulating hours and wages on Federal public works have differed in character and effectiveness. The President's proposal leaves the enforcement of the laws to these contracting agencies but provides that the Secretary of Labor shall co-

ordinate the administration of the acts by establishing standards, regulations, and procedures which shall be binding upon the contracting agencies.

The committee held extensive hearings on the President's Reorganization Plan No. 2 of 1947, with major interest in section 1, concerning placement of the United States Employment Service in the Department of Labor, and heard representatives of the Bureau of the Budget and all executive agencies of interest and many of the directors who administer the employment service and the unemployment compensation laws in and for the several States.

THE UNITED STATES EMPLOYMENT SERVICE

The United States Employment Service (except in the District of Columbia) is not an operating agency. It is a supervising agency which grants allocations of money to the various State governments for the administration of State employment services. In order to receive these funds, each State must submit a plan, approved by the United States Employment Service, under the provisions of the Wagner-Peyser Act of 1933.

The United States Employment Service also serves as a clearing-house for the distribution of employment information between the States.

The original Wagner-Peyser Act of 1933 established the United States Employment Service in the Department of Labor. In 1939 it was transferred by President Roosevelt to the Federal Security Agency.

In 1942, after federalization of the State employment services, the United States Employment Service was transferred to, and became the operating agency of, the War Manpower Commission.

After VJ-day, the War Manpower Commission was abolished and the United States Employment Service was transferred to the Department of Labor, under the authority of the First War Powers Act. It is temporarily located in this agency today.

Until last November, its operations included the actual placement which had been performed by the State employment services prior to their federalization. In November, due to action of the Congress, the operating employment offices and personnel were returned to the respective States.

The present situation is, accordingly, the same as it was in 1939 when President Roosevelt transferred the United States Employment Service to the Federal Security Agency; hence, the message which he wrote in connection with such transfer is equally applicable to the situation as it exists today. That message, insofar as it related to the Employment Service, is quoted in the report of a member of the staff, which is included in the hearings.

The hearings brought out that—

1. The Bureau of the Budget, while favoring the recommendation of the President, indicated that its professional staff differed as to the solution of this organization problem.

2. The Department of Labor's representatives favored the consolidation of the two functions in one agency and expressed the opinion that the Department of Labor could administer more efficiently the two functions than any other agency of the Government because of

the related programs having to do with labor statistics and other labor laws.

3. The representatives of the Federal Security Agency believed that the Administration of the unemployment compensation laws should remain, as at present, related to the administration of social-security laws.

4. The representatives of the State bodies administering these two programs expressed the belief that more efficiency and economy would be obtained by consolidating the two functions. These representatives also expressed the belief that the preferred handling of this organization problem in the Federal Government would be:

(a) Transfer United States Employment Service to the Federal Security Agency.

(b) Consolidate into one unit the administration of Federal Employment Service and the unemployment compensation functions under one head, in the Bureau of Employment Security, under the Federal Security Administrator.

The State directors gave the following reasons for their recommendations:

1. The Federal Social Security Act requires that every State unemployment compensation law provides for payment of benefits through public employment agencies. All State laws make the same requirement in accordance with Federal law.

2. Thus the employment services are in effect the local administrative offices through which unemployment benefits are paid. Applicants for unemployment benefits must first file an application for work. The local offices simultaneously attempt to refer the individual to a job and to determine his benefit eligibility. Benefits are paid only if a job cannot be found.

3. Practically all States have integrated their employment service operations completely with their unemployment compensation activities. There is now in most States no direct dividing line at the local level between the job placement and unemployment compensation functions.

4. The Federal law in effect prohibits the States from paying the administrative costs of either of these activities out of employment taxes. The Federal Government diverts to the Federal Treasury approximately one-sixth of all unemployment taxes collected and, in turn, makes grants to the States for administration of unemployment compensation and employment services.

5. The grants for unemployment compensation administration, after appropriation by Congress, are allocated to the various States by the Bureau of Employment Security, under the Social Security Commissioner. The grants for employment operation, after appropriation by Congress, are allocated to the various States by the United States Employment Service. Thus, under the present system, every State agency is dependent upon allocations by two separate Federal agencies. The result is complete financial confusion.

6. The United States Employment Service is concerned with one function—promoting employment security by placement of the jobless. The Federal agency which is charged with the over-all problem of employment security is the Bureau of Employment Security under the Social Security Commissioner in the Federal Security Agency.

7. The primary activities of the Employment Service can be performed better within the Federal Security Agency. There are neither major nor minor activities which would require locating the Service in the Department of Labor.

8. Expenses of operating the United States Employment Service could be expected to be lower in the Federal Security Agency than in the Department of Labor. Such reduction in expense should result from the integration of all of the employment security work of the Federal Government in one agency. For example, the United States Employment Service audits State administrative expenditures. Such auditing must also be done by the Bureau of Employment Security. There is no reason why these functions cannot be obtained and performed by the same staff.

9. The Employment Service creates no job opportunities. Jobs must be offered by employers. They will be offered through the Employment Service to the extent that employers have confidence in the ability of the Employment Service to perform an efficient, unbiased service. During the years preceding the war, the public Employment Service gained rapidly in establishment of employer confidence. During the war much ground was lost and employer confidence deteriorated steadily, largely due to the fact that both compulsion and "social planning" were to a considerable extent substituted for free services.

The chief argument of the Federal officials urging the permanent transfer to the Department of Labor was the fear that, in the Federal Security Agency, the job-placement function would be subordinated to the payment of unemployment benefits.

No other witnesses concurred in this fear. The fact of the matter is that such subordination would have to take place at the operating level—in the States—in any event.

The great weight of the evidence is to the effect that social-security activities, which concern all the people—employers, employees, and generally the public—should be consolidated in one neutral agency. The committee believes it would be as great a mistake to place the Employment Service under the jurisdiction of the Department of Labor as to place it under the Department of Commerce.

THE COMMITTEE'S OPINION

With reference to section I of the plan, the committee is of the opinion that—

1. The functions of the USES should be transferred to the Federal Security Agency and that the administration of the unemployment compensation laws be consolidated with it in such a manner that emphasis will be placed, in the administration of the consolidated program, upon the work of the Employment Service and that the administration of the unemployment compensation laws be considered as a part of the total process of employment security.

2. When these services are transferred and consolidated in the Federal Security Agency, the grants to States for both employment service and unemployment compensation administration should be supervised by the Bureau of Employment Security, as was the case from 1939 to 1942.

ACTION REQUIRED

In accordance with the Reorganization Act of 1945, should the Congress fail to pass House Concurrent Resolution 49, the two services will remain apart and the USES will remain in the Department of Labor.

Should the Congress approve this resolution, in accordance with title I of War Powers Act, upon the termination of that act the United States Employment Service will revert to the Federal Security Agency.

WAGE-HOUR LAW ADMINISTRATION

Section 2 of the President's Reorganization Plan No. 2 would transfer to the Secretary of Labor all function now vested in the present independent Administrator of the Wage and Hour Division by the Fair Labor Standards Act of 1938, on the apparent ground that Congress intended to place responsibility for administration and enforcement of this law in the Secretary of Labor but failed in this objective by not spelling out this intention in the law.

This is not so. The legislative history of the Fair Labor Standards Act shows conclusively that administrative machinery to be provided was most controversial. The Congress intended that the act be administered and enforced by an independent officer.

The President's reorganization plan to transfer jurisdiction of the Wage-Hour Administrator's functions should be rejected because—

1. It is contrary to the indisputable intention of Congress when it passed the Fair Labor Standards Act of 1938.

2. It would place responsibility for administering and enforcing a regulatory statute affecting employers and employees in the hands of an officer whose basic duty is to foster and promote the interests of only one of the regulated groups—employees.

3. The plan is contrary to the present desires of both the Senate and House expressed in the passage of labor bills to remove the Conciliation Service from the Department of Labor and make it independent, for the fundamental reason that it is not desirable for the Federal Government to occupy a partisan role with respect to labor-management disputes.

4. The plan is contrary to the public interest, in that it would increase the work load and responsibility of a Cabinet officer by placing under his direct control administrative and enforcement duties which experience has shown require the full-time services of a responsible and trained officer of the Government.

5. The plan would place in the Secretary of Labor responsibilities so conflicting that he would be unable to perform them in accordance with the mandates of Congress.

ADMINISTRATION OF OTHER ACTS

Although there appears to be some justification for placing under one Government official the responsibility for coordinating the administration and enforcement machinery of the Davis-Bacon Act, Copeland Act, and 8-hour laws, a more appropriate step at this time would seem to require careful consideration of these laws by appropriate congressional committees.

CONCLUSIONS

In light of the above considerations, it is the view of the committee that all of the proposals offered in Reorganization Plan No. 2 should be rejected and that House Concurrent Resolution 49 should pass.

Respectfully submitted,

CLARE E. HOFFMAN, *Chairman.*



Union Calendar No. 248

80TH CONGRESS
1ST SESSION

H. CON. RES. 49

[Report No. 499]

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 1947

Mr. HOFFMAN submitted the following concurrent resolution; which was referred to the Committee on Expenditures in the Executive Departments

JUNE 2, 1947

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

CONCURRENT RESOLUTION

- 1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That the Congress does not favor the Reor-
3 ganization Plan Numbered 2 of May 1, 1947, transmitted
4 to Congress by the President on the 1st day of May 1947.

80TH CONGRESS
1ST SESSION

H. CON. RES. 49

[Report No. 499]

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 2 of May 1, 1947.

By Mr. HOFFMAN

MAY 21, 1947

Referred to the Committee on Expenditures in the
Executive Departments

JUNE 2, 1947

Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Division of Legislative Reports
(For Department staff only)

Issued June 11, 1947
For actions of June 10, 1947
80th-1st, No. 109

CONTENTS

Appropriations.....	4,7,8	Housing.....	25	Personnel.....	1,6,16
Cooperatives.....	21	Information.....	1	Purchasing.....	2,7
Corporations.....	4	Labor.....	6	Regional authority.....	22
Education.....	1,9	Labor, farm.....	6	Research.....	5
Electrification.....	15,24	Lands.....	18	Rubber.....	8
Fertilizers.....	19	Lands, reclamation....	12,23	Soil conservation....	14,20
Fisheries.....	13	Nominations.....	11	Sugar.....	3
Flood control.....	15	Organization, execu-		Transportation.....	10,26
Foreign affairs.....	1,11,17	tive.....	2,9	Veterans' benefits....	16
Health.....	9	Patents.....	5	Water conservation....	13

HIGHLIGHTS: House committee reported bill to end allocation or rationing of sugar for home use. House committee reported resolution to waive points of order on Government corporations appropriations bill. House voted to disapprove Reorganization Plan which authorizes coordination of certain laws on Government contracts. House debated information and educational exchange bill.

HOUSE

1. FOREIGN AFFAIRS. Continued debate on H. R. 3342, the proposed "United States Information and Educational Exchange Act of 1947" (pp. 6885-97). Rejected, 92-119, a motion by Rep. Mason, Ill., to strike out the enacting clause (p. 6886). This bill authorizes the State Department to provide for interchange of students, teachers, government publications, etc., with other countries; to authorize assignment, upon approval of the employing agency, of certain types of expert Government personnel, to other countries; to utilize services, facilities, and personnel of Government agencies, with their approval, through advances, reimbursement, or transfer of funds; to provide for Government agencies to perform technical or other services to foreign countries upon terms and conditions satisfactory to the State Department and the agency involved; to provide for Government agencies to train foreigners and U. S. citizens going to other countries under the bill; to provide for Government agencies to promote interchange with other countries of scientific and specialized knowledge and skills through publications and other materials; and to provide for an interdepartmental committee to coordinate the program, and for transfer of funds to affected Government agencies.
2. REORGANIZATION. Agreed, without amendment, to H. Con. Res. 49, disapproving the President's Reorganization Plan 2, which authorizes the Labor Department to coordinate the administration of the acts for regulation of wages and hours in connection with Government contracts (pp. 6867-85). The plan will become effective July 1 unless the Senate agrees to the concurrent resolution before that.
3. SUGAR CONTROLS. The Banking and Currency Committee reported without amendment H. R. 3612, to amend the Sugar Control Extension Act of 1947 so as to terminate the authority to allocate or ration refined sugar among users for home consumption (H. Rept. 556)(p. 6901).

4. GOVERNMENT CORPORATIONS APPROPRIATION BILL. The Rules Committee reported a resolution waiving points of order on this bill, H. R. 3756 (p. 6901). The bill is to be taken up today (p. D357). (For its provisions see Digest 108.)
5. RESEARCH; PATENTS. Received from the Attorney General a copy of his final report to the President on Government patent practices and policies; to Judiciary Committee (p. 6901).
6. LABOR. H.R. 3020, the proposed "Labor-Management Relations Act, 1947" as sent to the President, prohibits strikes against the Government by its employees, on penalty of discharge, forfeiture of civil-service status, and ineligibility for reemployment by the U.S. for 3 years. It establishes a congressional Joint Committee on Labor-Management Relations and authorizes the Committee to utilize the services, information, facilities, and personnel of executive departments and agencies with their approval. The conferee's version makes no change in the "agricultural labor" exemption of the National Labor Relations Act, and the House conferees said this was because the "exemption has for the past 2 years been dealt with in the Appropriation Act" for NLRB. (However, the House version would have excluded "agricultural labor" as that term is defined in the Social Security Act, and the Senate version would have exempted "individuals employed in agriculture.")
7. PURCHASING. Received from the President (June 6) a supplemental appropriation estimate for 1948 of \$2,700,000 for the Treasury Department, Bureau of Federal Supply, to finance the first year of a 5-year interdepartmental project for a unified Federal Catalog System (H.Doc. 310).
8. RUBBER. Received from the President (June 6) a supplemental appropriation estimate for 1948 of \$250,000 for the Commerce Department to continue rubber-control program through March 31, 1948 (H.Doc. 304).

SENATE

9. REORGANIZATION. S. 140 (as reported; see Digest 107), to create a Department of Health, Education, and Security, gives the Department no functions other than those of the Federal Security Agency. However, it directs the Budget Bureau to report to Congress by Dec. 31, 1947, its recommendations as to any other Government programs which should be transferred to the new Department. The bill establishes a Bureau of Health (to include the Public Health Service and the Food and Drug Administration, etc.), a Bureau of Education (to include the Office of Education, etc.), and a Bureau of Public Welfare (to include Social Security). Each Bureau would be supervised by an Under Secretary at \$12,000. Subordinate units would be called divisions, branches, sections, and units, according to descending order of size and importance.
10. TRANSPORTATION. Continued debate on S. 110, to amend the ICC act regarding agreements between carriers (pp. 6830-3, 6843-50, 6853-60).
11. NOMINATIONS. Confirmed the following nominations: Norman Armour to be an Assistant Secretary of State; Dwight P. Griswold to be Chief of the American Mission for aid to Greece; and Richard F. Allen to be field administrator of the U.S. foreign relief program (pp. 6828-30, 6865).
12. RECLAMATION. The Public Lands Committee reported without amendment H.R. 3143, to authorize the construction, operation, and maintenance of the Paonia Federal reclamation project, Colo. (S. Rept. 253) (p. 6825).
The Public Lands Committee reported without amendment H.R. 3343, to declare

Appendix of the RECORD in two instances, in each to include newspaper clippings.

Mr. BOGGS of Louisiana asked and was given permission to extend his remarks in the RECORD and include a newspaper editorial.

Mr. McCORMACK asked and was given permission to extend his remarks in the Appendix of the RECORD and include a recent address made by Pope Pius XII.

Mr. FULTON asked and was given permission to extend his remarks in the RECORD and include two newspaper articles concerning the gift of \$32,000,000 to the city of Pittsburgh by the Andrew W. Mellon Trust.

CHANGE IN CONFEREES

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the gentleman from Oklahoma [Mr. MONRONEY] may be substituted for the gentleman from Texas [Mr. PATMAN] as a conferee on the bill, H. R. 3203.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The Clerk will notify the Senate of the change.

EXTENSION OF REMARKS

Mr. MANASCO. Mr. Speaker, I ask unanimous consent that I may be permitted to include in connection with my remarks on House Concurrent Resolutions 49 a letter.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

REORGANIZATION PLAN NO. 2 OF 1947

Mr. HOFFMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of House Concurrent Resolution 49; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to 3 hours, the time to be equally divided and controlled by the gentleman from Alabama [Mr. MANASCO] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of House Concurrent Resolution 49, with Mr. DONDERO in the chair.

The Clerk read the concurrent resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Congress does not favor the Reorganization Plan No. 2 of May 1, 1947, transmitted to Congress by the President on the 1st day of May 1947.

Mr. HOFFMAN. Mr. Chairman, I yield myself 5 minutes.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, under the reorganization bill, the President has submitted Plan No. 2, and House Concurrent Resolution 49 disapproves of that plan. Under the reorganization bill, if any one provision of the plan submitted meets with disapproval, and the House is opposed to that plan, the whole plan goes by the board. It is unfortunate that is so, but that is the way that the law was written in 1945.

The matter up today is the one where we are asked to transfer to the Labor Department the administration of the Unemployment Service.

Mr. Chairman, I ask unanimous consent that the Clerk may read, because it expresses the views of the committee, from the committee hearings on page 18 a statement submitted in 1939 by President Roosevelt.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read as follows:

I find it necessary and desirable to group in a Federal Security Agency those agencies of the Government the major purposes of which are to promote social and economic security, educational opportunity, and the health of the citizens of the Nation. * * *

The Social Security Board is placed under the Federal Security Agency, and at the same time the United States Employment Service is transferred from the Department of Labor and consolidated with the unemployment-compensation functions of the Social Security Board in order that their similar and related functions of social and economic security may be placed under a single head and their internal operations simplified and integrated.

The unemployment-compensation functions of the Social Security Board and the employment service of the Department of Labor are concerned with the same problem, that of the employment, or the unemployment, of the individual worker.

Therefore they deal necessarily with the same individual. These particular services to the particular individual also are bound up with the public-assistance activities of the Social Security Board. Not only will these similar functions be more efficiently and economically administered at the Federal level by such grouping and consolidation but this transfer and merger also will be to the advantage of the administration of State social-security programs and result in considerable saving of money in the administrative costs of the governments of the 48 States as well as those of the United States. In addition to this saving of money there will be a considerable saving of time and energy not only on the part of administrative officials concerned with this program in both Federal and State Governments but also on the part of employers and workers, permitting through the simplification of procedures a reduction in the number of reports required and the elimination of unnecessary duplication in contacts with workers and with employers.

Mr. HOFFMAN. Mr. Chairman, the situation to which the President then referred and the reasons for his action are the same today as they were then. As we all know, the Unemployment Service is concerned with the finding of jobs. The payment of compensation for unemployment to those who are unemployed in the States is administered by practically the same officials.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. HOFFMAN. Mr. Chairman, I yield myself five additional minutes.

The advantage of having this in the Federal Security Agency is that if a man goes to the unemployment-compensation agency and asks for unemployment compensation, the individual in charge of that agency, if he also has charge of the unemployment service, instead of paying the compensation can say, "Here, John, you go over to Jones and get yourself a job. There is one there." These two services are administered by States under practically one head.

The only advantage that was given by any witness or rather the only argument that was advanced by any witness was that by Mr. Webb, and his argument was that if we would transfer this service permanently to the Department of Labor, then the Department of Labor would furnish advice and leadership. He conceded that the Federal Government does not pay the compensation for the unemployed. He, conceded that the Federal administration does not find any jobs. When a man wants a job, he goes to his State organization. When he wants compensation, he goes to his State organization, and the States have unified those services. So, I trust you will see the advantage of following the recommendation that the President made in 1939 and continue the administration of the two agencies as now carried on by all of the States but one.

Let me repeat, all of the States except one have unified and combined their services under the agency which has to do with the payment of unemployment compensation, which is under Federal Security Administration. That means economy and efficiency. That one State is, I think, Louisiana, and in the hearings 33 of the States asked for the approval of this resolution which the committee has submitted.

Mr. Chairman, I yield back the balance of my time.

Mr. MANASCO. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, the views I am about to express represent my individual views which I submit for the consideration of my colleagues.

The gentleman from Michigan [Mr. HOFFMAN] has made reference to the recommendation in 1939 of our late President, Franklin D. Roosevelt. The gentleman's reference is correct, but that recommendation was made at a time when unemployment existed to a considerable extent and when there were many demands or applications for the payment of unemployment compensation and under conditions where from a long-range point of view a proper evaluation of the unemployment service on the Federal level could not be given a fair appraisal. In the light of what has happened in the years of experience since that time, it seems to me that the recom-

mendation of President Truman is a correct recommendation and should be adopted by the Congress.

The action of the majority of the committee on the Unemployment Service—and that is the only matter in dispute in Reorganization Plan No. 2—is based on evidence from the representatives of State agencies. Their opposition is based on the fear that if the United States Employment Service is in the Labor Department and the Unemployment Compensation Service is in the Federal Security Agency that it might result in those States that have both under the same State agency being later compelled to have both activities on a State level separated and put into two different State agencies.

This reorganization plan has absolutely nothing to do with the action on a State level. It is confined wholly to a Federal level. Within the limits of a State, a State is supreme in determining and deciding for itself how its employment service and unemployment compensation service shall operate. No matter where the United States Employment Service is located on the Federal level in any Federal agency, under no conditions can a Federal agency, directly or indirectly, influence or order a State to join both of these agencies together on a State level or to separate these activities on a State level. While the argument of the State level will be advanced, as it has been, in our consideration of plan No. 2 recommended by President Truman, to me it does not seem to have any relevancy. There are decided differences in the practical operation of those two activities on the Federal and on the State level.

We must have in mind that the main functions of the Federal Security Agency relate to social welfare; the welfare of our people from a broad social angle. The Federal Security Agency administers Federal help, educational, and social activities. It conducts research in those fields. It administers Federal grants, such as aid to the blind, noncontributory old-age pensions, in copartnership with the State; control in a broad sense of payments of unemployment compensation and contributory pensions, as well as better effectiveness of both, and the more efficient operation of both, as well as other activities which come under the head of social welfare.

The United States Employment Service has no immediate relationship to any of these activities. Mark you, I say "immediate relationship." It has a relationship to unemployment compensation payments; but one that should precede and not succeed the payment of such compensation. The more we put unemployed to work, the less unemployment compensation a State will have to pay. While they have that relationship to each other, they have separate and distinct primary purposes that differ one from the other. I am talking now on the Federal level. One activity should not predominate over the other, and on the State level a proper relationship of one to the other can be maintained with better effectiveness where both are in the same agency than if both are in the same agency on the Federal level.

The United States Employment Service is responsible for serving workers in trying to get them jobs. To try to get jobs in cooperation with the several States is their primary and immediate duty. Widespread unemployment during the economic collapse preceding 1933 led to the Wagner-Peyser Act. It was established by this act as a bureau in the Department of Labor.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield right there?

Mr. McCORMACK. Yes; I yield.

Mr. HOFFMAN. But it never amounted to anything until you had the payments for unemployment compensation later on, did it?

Mr. McCORMACK. No; I cannot agree with the gentleman on that. Unemployment compensation was a part of the Social Security Act, which came later. I am unable to agree with the gentleman in what he said, because the Wagner-Peyser Act, you will remember, was passed when there were widespread abuses in the field of private employment agencies. Those of us who were here then know of the events that led up to the Wagner-Peyser Act; the tremendous abuses that were engaged in throughout the country by private employment agencies, and the necessity for something being done from a governmental angle, and that was accentuated by the depression we were in from 1929 to 1933. So those two things the abuses of the private employment agencies and the economic condition of our country, were the two main factors in congressional action which resulted in the passage of the Wagner-Peyser Act. That is the only time that the Congress has ever passed on the question as to where the United States Employment Service should go. The Congress itself said it should be placed in the Department of Labor.

We must bear in mind that the only time the Congress passed on the question was in 1933 when it passed the Wagner-Peyser Act and Congress itself placed the United States Employment Service in the Department of Labor. Furthermore, it is only 2 years ago—now, mark this, Mr. Chairman—only 2 years ago the Congress itself in the passage of the Servicemen's Readjustment Act of 1944 provided specifically the Federal agency administering the United States Employment Service shall maintain that service as an operating entity.

In 1933 we said the United States Employment Service shall go into the Department of Labor as a bureau.

In 1944 when we were dealing with unemployed veterans, those who came back from the wars and were seeking employment, we provided an agency for them, but we said they shall maintain that service as an operating entity. We therefore provided that Federal efforts to obtain work for veterans could not be linked up with the Unemployment Compensation Service or any other bureau or division. If we do that in relation to the veterans why should we place the United States Employment Service relating to other workers on the Federal level outside of the Labor Department? The basic proposition is to try to get a job for someone who is unemployed whether

he be veteran or nonveteran. Why discriminate—and I use the word "discriminate" descriptively. If it is right to separate the agency to obtain jobs for veterans from any Unemployment Compensation Bureau why is it right to place the job placement agency for other workers in the same agency as the Unemployment Compensation Bureau?

Congress has taken one position with reference to getting jobs for unemployed veterans and it takes an opposite position if this resolution is adopted with reference to other workers. I repeat we cannot be right in both. Now, mark you, we are discussing the Federal level. The injection of the State level had no relevancy to the argument today because this reorganization will not affect the State.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HOFFMAN. Do not veterans get jobs through the States?

Mr. McCORMACK. Let me ask the gentleman a question in answer.

Mr. HOFFMAN. But I asked the gentleman from Massachusetts a question.

Mr. McCORMACK. Of course, that is so, but the United States Employment Service—

Mr. HOFFMAN. I will say it is so.

Mr. McCORMACK. The United States Employment Service has a very valuable field in which to cooperate with the several States in the over-all labor picture, the research, letting one State know what the labor situation is in any other portion of the country so they can correlate their knowledge and records.

To follow the gentleman's argument would be to wipe out the United States Employment Service.

Mr. HOFFMAN. That is right.

Mr. McCORMACK. At last the gentleman has disclosed his mind.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HOFFMAN. The United States Employment Service does not place an employee in a single job, does not pay a single wage check. The only thing it does is that it is supposed to know where there are jobs, and then it is up to the States to get the jobs for the unemployed.

Mr. McCORMACK. That is the gentleman's opinion. Oh, the gentleman cannot pass that off with a wave of his hand. That is the gentleman's opinion.

The Federal Government is paying 100 percent of all State employment activities in the States. I repeat, the Federal Government is paying 100 percent of every dollar spent by the employment service of any State.

This matter does not affect the State level at all. That is an important thing to keep in mind. The injection of the State level argument is for the purpose of influencing the minds of the Members of this body when we should be considering this question only on the Federal level.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Yes; but first let me ask this question. I repeat, Why do we exempt from putting into the Federal

Security Agency here in Washington the division we created only 2 years ago to get jobs for unemployed veterans, yet now we want to put into the Federal Security Agency, an agency concerned with social-welfare activities, the same activity in relation to nonveterans? The basic proposition in either case is that of trying to get some unemployed person a job.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from North Carolina.

Mr. COOLEY. It might be appropriate to read a little excerpt from the Republican platform of 1944 in which the Republican Party stated the following:

The Department of Labor has been emasculated by the New Deal. Labor bureaus, agencies, and committees are scattered far and wide, in Washington and throughout the country, and have no semblance of systematic or responsible organization. All governmental labor activities must be placed under the direct authority and responsibility of the Secretary of Labor.

It seems to me that this is an effort to redeem that platform pledge of the Republican Party of 1944. If the Republicans meant what they said in their platform I do not see how they can oppose this bill at the present time.

Mr. McCORMACK. The gentleman's contribution is very pertinent. That was one of the planks in the Republican platform. I do not express that from a political angle, but it is evident we are taking this out of the Department of Labor where it belongs.

The Department of Labor was created years ago in recognition of the dignity of labor. Now we have the labor bill that is now before the President that labor feels very much distressed over. I will not discuss that today. You are coming in here now by the rejection of this reorganization plan and you are taking out of the Department of Labor an activity that is directly concerned with labor and you are putting it into the Federal Security Agency, which is mainly and directly concerned with legislation of a social welfare nature.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. MANASCO. Mr. Chairman, I yield the gentleman one additional minute.

Mr. McCORMACK. Mr. Chairman, it seems to me we are coming and going at the same time. The only two times the Congress itself has passed on this question was in 1933 when the Congress said this bureau shall go to the Department of Labor and 2 years ago we specifically provided in connection with jobs for returning veterans who were seeking positions that that agency shall be a separate entity and by that we provided that they could not put that in the Federal Security Agency.

What is the difference if a man wore a uniform or not if he is out of work? The important thing is he wants a job. We have provided special consideration for veterans to try to give them preference, to which they are entitled, but the main, the basic proposition of a

person out of a job is work and the important thing we are interested in is trying to get him a job. We provided 2 years ago that the agency for veterans shall not go into the Unemployment Compensation Commission and if this resolution is adopted today we are providing that the agency for all other workers shall become a part of the Federal Security Agency. This is on a Federal level where there is no conflict such as there might be on a State level.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. HOFFMAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, I rise in support of the resolution reported from the Committee on Expenditures in the Executive Departments. I may say that the Committee on Expenditures held very interesting hearings on this question. We heard the Director of the Budget, Mr. Webb, who explained Reorganization Plan No. 2 as proposed by the President, and defended it. We also heard from the representatives of a very considerable number of the States. I remember very interesting testimony from the State administrator of the State of Virginia, also interesting testimony from the State administrator of the State of New York, also interesting testimony from a gentleman from Wisconsin, Mr. Rector, who represented a large group of State administrators. It became perfectly apparent to the members of the Expenditures Committee that the sentiment among those who actually administer these laws in the States is very much opposed to having the Employment Service stationed permanently in the Department of Labor.

I do not pretend to be a master of all the details of this problem, but here are some of the things that made an impression upon me as I listened to the stories told by the representatives of the States.

As the gentleman from Michigan has stated, practically all of the States have established, each for itself, a unified administration of employment service and unemployment compensation. As a matter of fact, they have followed the advice, it may be said, of the late President Roosevelt, who, as has been mentioned here this morning, stated 2 or 3 years ago that, in his judgment, it was impossible to divorce the problem of employment service and the problem of unemployment compensation, for the reason that you are dealing with the same man. First you have the job seeker, and if you cannot find him a job then that same man steps over to the next desk—I am speaking figuratively now—in a State organization as they are now set up and applies for compensation. The trouble with the present situation is, from the angle of the States, that two separate budgets have to be prepared in each of these State offices. One budget must be prepared for submission to the Federal Employment Service at Washington, and the other has to be prepared for submission to the Social Security Agency. In preparing those budgets the State administrators find it almost impossible to

arrive at an accurate division and an accurate figure demonstrating conclusively just how much time, for example, was spent by the employee in working on the employment side and how much time he had spent working on the unemployment compensation side. They have to keep work sheets, or try to, or guess as to how many hours John Smith spent on the employment side in a given day and how many hours on that same day he spent on the unemployment compensation side.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Minnesota.

Mr. JUDD. Not only do they have to prepare two budgets, but they have to undergo two audits, checking how much was charged to this side and how much was charged to the other side. Naturally each of the two Federal agencies wants to have as much charged to the other as possible and therefore the States are in constant confusion.

Mr. WADSWORTH. That is true. The difficulty does not stop with the preparation of two separate budgets.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BENDER. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. WADSWORTH. The difficulty does not stop with the preparation of two separate budgets, and that is hard enough, but as the gentleman from Minnesota says, each of those budgets, with all of the financial transactions involved in them, are audited.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. As a matter of fact, if this resolution is adopted and the United States Employment Service is put into Federal Security, they would have to have two separate budgets anyway.

Mr. WADSWORTH. But they would come from the same Federal source, and that is the trouble. Today they come from two separate Federal departments.

Mr. McCORMACK. But you have to have two separate budgets anyway in the State, because the expenses for the unemployment compensation come out of taxes, or a certain percentage of them, at least, for that purpose, and the other would have to be an appropriation by Congress, and you would have to have two separate budgets anyway and two separate appropriations. The gentleman recognizes the difference between the State and the Federal level does he not?

Mr. WADSWORTH. I certainly do recognize the difference, but I think they are closely associated. Over-all management is under the general supervision of the Federal Government. At the State level the actual work is done. The man is interviewed. A job is found for him. If a job cannot be found for him, then that same man is taken care of under the compensation law.

The trouble is today that these two budgets have to be sent to two separate departments of the Federal Government. Each has its own idea about budgeting

and auditing. As the gentleman from Minnesota has indicated, they do not agree. Then the authorities in the State are left puzzled as to how they are going to meet the requirements of the budget and the audit from two separate Federal departments.

If this resolution of ours is passed, automatically the United States Employment Service will return to the Social Security Agency, where it was at the time President Roosevelt wrote that letter. I did not agree with him about everything, some of you may remember, but I think he was right about that, and the State administrators today think he was right and asked us practically unanimously to restore the situation as it existed at the time that letter was written. It makes easier for them the administration of an exceedingly difficult set of laws. After all, the final responsibility for the success of this thing, this whole effort, rests in the States. True, the Federal Government finances the undertaking very largely and establishes general policies, but the man who is being tested is the man who sits at Albany or Richmond or at Springfield, Ill., or Boston, Mass., and meets the people, those seeking jobs and those entitled to compensation. He wants an opportunity to come to the one authority in Washington and get orders, if you please, rather than have to go to two.

Mr. MANASCO. Mr. Chairman, I yield myself 5 minutes.

(Mr. MANASCO asked and was given permission to revise and extend his remarks.)

Mr. MANASCO. Mr. Chairman, the question is whether or not we want to return the United States Employment Service to the Department of Labor, where it was placed by an act of Congress in 1933, or whether we want the Employment Service to revert to the Federal Security Agency, where it was transferred in 1939 by an Executive order of President Roosevelt.

I do not think it makes any difference as far as the effectiveness of the organization is concerned whether the United States Employment Service is in the State Department, the Interior Department, the Labor Department or the Library of Congress. I think that is an unimportant matter. But I do think that we should have all of our independent agencies under a Cabinet head except those agencies that are regulatory bodies and quasi-judicial bodies.

Mr. JACKSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. MANASCO. I yield to the gentleman from Washington.

Mr. JACKSON of Washington. Does not the gentleman feel that in any event both of these agencies ought to be under one head, that is, the Employment Service and the Unemployment Compensation?

Mr. MANASCO. I think the States have now reached the state of maturity in the administration of unemployment compensation that the Congress should immediately pass an act turning all of the administration of that part of the program back to the States, and there would not be any words then about any dual budget.

Mr. JACKSON of Washington. Under the present plan the Federal Security Agency handles the compensation end of it and the Department of Labor handles the Employment Service.

Mr. MANASCO. That is right, but if you are going to have a Department of Labor, why divorce it of all the activities that go along with matters pertaining to labor?

Mr. JACKSON of Washington. I realize that, and I am not disputing as to which department it ought to be in. It seems to me the only point is that they both ought to be in the same agency.

Mr. MANASCO. As a matter of fact, they have to prepare separate budgets now. If it were under the Library of Congress they would still have to prepare separate budgets, under the law passed by Congress, and they would have to say, "We need so much money for the Unemployment Compensation Division of our Department and so much money for the Employment Service," which means that they would still have to submit two different budgets. The only intelligence it requires of a State officer is to have a secretary that would know which place to address the letter. It would have the same effect.

Mr. JACKSON of Washington. The State administrators tell me that from the administrative standpoint it is almost impossible to try to administer a program such as this where you have two different agencies under two different departments.

Mr. MANASCO. The gentleman would also find that practically all of these State officers would like to get back on the Federal pay roll where they have a little protection on retirement and so forth. Many people have been putting pressure on Congress about this. I have a copy of a letter which I am going to insert in the RECORD here.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. MANASCO. I yield.

Mr. HOFFMAN. Did I not understand you to say that in your opinion the unemployment compensation should be administered by State officials?

Mr. MANASCO. I certainly did.

Mr. HOFFMAN. Then why not put their administration back in the Unemployment Bureau because the State certainly furnishes the jobs in the State?

Mr. MANASCO. We are doing that right now. We turned it back last year on a rider to an appropriation bill.

Mr. HOFFMAN. Why not combine the services so that there would be only one service?

Mr. MANASCO. I am trying to get the Federal Government out entirely from the unemployment-compensation program because the money is collected in the States on the pay rolls. You cannot take money that is collected in Michigan and put it into unemployment compensation in Alabama so I see no reason in the world why the Federal Government should continue in the State unemployment-compensation field. But there is a place in our country for a national employment service because if you have 500,000 people unemployed in the State of Michigan we might be able to absorb 7,000 or 8,000 of them in Alabama

or 7,000 or 8,000 of them in Maryland or Pennsylvania.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. MANASCO. I yield.

Mr. HOFFMAN. You could do that by writing a mimeographed letter and sending it to the 48 States any time you want.

Mr. MANASCO. Certainly, and it can be done by the Library of Congress or the Bureau of Labor Statistics or any other organization.

But, Mr. Chairman, getting back to the pressure that is brought with reference to this matter, most of these people are paid by Federal funds. I have a copy of a letter which I have already obtained permission to insert in the RECORD. This letter is from Mr. Stanley Rector, president of the State administrators of the employment-security agencies. He appeared before our committee and is a very intelligent gentleman. This is a report from him:

INTERSTATE CONFERENCE OF
EMPLOYMENT SECURITY AGENCIES,
June 3, 1947.

To all State administrators.

From Stanley Rector, president.

Re President's Reorganization Plan
No. 2.

On May 27 representatives of the conference appeared before the House Committee on Executive Departments and Expenditures, in connection with the proposal in the Reorganization Plan No. 2 to permanently sever the administration of unemployment compensation and employment service in the Federal province—this through permanently locating USES in the Department of Labor.

In preparation for the appearance, the executive committee had analyzed the poll of State sentiment conducted by Howard Hausman, legislative chairman. In the light of this poll a statement was prepared, reflecting the prevailing viewpoint of State agencies and the unanimous position of your executive committee. This statement was filed with the committee for the record. A copy is attached hereto.

Those making appearances, in the order named, were: Stanley Rector, Wisconsin; Milton Loysen, New York; Fred Garrett, Idaho; Harry Crozier, Texas; Ben T. Hulet, Georgia; Jim Bryant, California; and Jim Graham, Connecticut. All spoke in opposition to the proposed severance; and most, in response to questioning as to where they considered the Federal administration of unemployment compensation and employment service should be unified, indicated a preference for the Federal Security Agency.

Judging by reactions of committee members, it can be fairly stated that our appearances strengthened the position taken by an overwhelming majority of State agencies—namely, that there should be unification (integration, consolidation, coordination—call it what you will) in the Federal province, and that this unification should be brought about in the Federal Security Agency.

It is reasonable to anticipate a committee report in line with our collective position. It was my understanding, before leaving Washington on Thursday, May 29, that the report would be forthcoming on the first day or two of this week, and that House action would be taken during the latter part of this week.

It is my estimate that the House will reject the Reorganization Plan No. 2, and it is my further estimate, based on sampling, that, unless some very effective work is done on the Senate side within the next 10 days, the Senate will not reject the plan. Since both branches of the Congress must reject a reorganization proposal, a failure on the part of the Senate to reject will mean that

the Reorganization Plan No. 2 becomes law on July 1 of this year.

Before leaving Washington, I made arrangements with Senator TAFT, chairman of the Senate Committee on Labor and Public Welfare, to extend to the States a hearing on the matter. The hearing will probably be afforded us some time next week. Dates have as yet not been definitely established, and, in any event, it will be necessary for us to go in on very short notice. I tentatively plan to leave for Washington this week end to be on the ground.

While I have no doubt that the members of the Senate subcommittee set up to hear the matter will approach the issue openly, my guess is that a majority of the subcommittee group is presently disposed to transfer the USES to the Department of Labor. How we may be able to affect this state of mind, assuming it exists, remains to be seen. An unfavorable Senate subcommittee report is very much in the picture. Our main reliance must be on individual State action. Every State administrator who has not as yet done so should, within the next week or 10 days, communicate his position, together with his reasoning, to each of his Senators. Obviously, there are cases in which certain administrators may well elect to spend their time and energy on other matters. Administrators who have already communicated with their Senators—and I have received copies of some very well written letters—should consider a follow-up.

I need not recite to you the considerations which prompted a great majority of the State administrators to express active opposition to the Presidential Reorganization Plan No. 2. However, in view of the prevailing mood of the Congress, you should certainly stress to your Senators the economy features of consolidation, both in the Federal and State provinces—one regional set-up, one budgeting procedure, no complexities of breaking down expenditures and accounting for them in a dual auditing procedure, etc. Personnel and fiscal regulations, while they have not been bothersome so far, as a consequence of dual authorship, can well become a most irksome problem, if permanent severance occurs.

Without extended comment, I give you this sentence from the Reorganization Plan No. 2 (given as a reason for the transfer): "Policies and operations of the employment service must be determined in relation to over-all labor standards, labor statistics, labor training, and labor law—on all of which the Labor Department is the center of specialized knowledge in the Government." Does this not mean the impression of uniform national labor standards, law, etc., on the administration of USES under the auspices of the Labor Department? You might recall in this connection our concern with such implications in the original Wagner-Peyser plan prepared by the Labor Department and submitted to the State agencies last September.

I think it will be most helpful in clarifying the issue to put primary emphasis on the necessity for the consolidation of the two functions in the Federal province. Where the consolidation should occur is subordinate and, in fact, not really at issue in the reorganization plan. As you know, the USES will automatically revert back to, and be integrated with unemployment compensation in, the Federal Security Agency 6 months following the expiration of the First War Powers Act. A number of persons on Capitol Hill, with whom I have talked, while favoring consolidation, feel that it should be achieved in the Department of Labor. Well and good. For what seems to me very good reasons, I think that consolidation should occur in the Federal Security Agency. In view of the difference of opinion on this point, what we can properly ask for is a rejection of the present plan, which would

permanently sever the two integrally related administrations, and leave the issue as to where consolidation should take place for consideration when the Congress takes up the general revamping of the Social Security Act. The matter of where needs to be fully considered, but such a measure of consideration cannot be given under the present circumstances.

Incidentally, for your information I have before me a letter addressed to the American Federation members of State employment security commissions, by Mr. Ralph Cruikshank, of the Washington A. F. of L. staff, stating that the American Federation of Labor also favors coordination of the two agencies. He feels that coordination should occur in the Department of Labor.

You can make up your mind now to accept this proposition. If USES goes to Labor under the present proposal, the Federal administration of our unemployment-compensation system will follow it there. I personally do not believe that our country's social-insurance system should be administered by a Federal department set up as a protagonist of any particular group interest.

Following is the membership of the Senate Committee on Labor and Public Welfare. If you have a Senator on this committee, it is more important than ever that you communicate your views immediately:

ROBERT A. TAFT, Ohio.
GEORGE D. AIKEN, Vermont.
JOSEPH H. BALL, Minnesota.
H. ALEXANDER SMITH, New Jersey.
WAYNE MORSE, Oregon.
FORREST C. DONNELL, Missouri.
WILLIAM E. JENNER, Indiana.
LEWIS M. IVES, New York.
ELBERT D. THOMAS, Utah.
JAMES E. MURRAY, Montana.
CLAUDE PEPPER, Florida.
ALLEN J. ELLENDER, Louisiana.

Mr. KARSTEN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MANASCO. I yield.

Mr. KARSTEN of Missouri. Is it not a fact that the author of the letter which the gentleman has just read comes from a State where the employment service is in the Department of Labor?

Mr. MANASCO. That is the information I have.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MANASCO. I yield.

Mr. JUDD. The gentleman is not suggesting that Mr. Rector is on the Federal pay roll, is he?

Mr. MANASCO. No, I am not. But practically all of the money to pay his salary comes through these two appropriations.

Mr. JUDD. But it is raised in the State of Wisconsin and sent down here to Washington and then goes back in grants for the payment of unemployment compensation. It is Wisconsin money. Surely the gentleman does not contend that an American citizen of any State does not have a right to use whatever means are at his disposal to develop public opinion in favor of his views. If he were a Federal employee, then I would agree with the gentleman.

Mr. MANASCO. Absolutely. But part of the appropriation that pays the salaries of his employees comes from the Employment Service; that is, the major part of it. I understand that USES transfers the money to the States. This same gentleman made the following statement on page 200 of the hearings after I asked him a question as to what the situation would

be if we were to place this under the Library of Congress and if they would not still have to submit the same break-down for that budget: "We would still submit the same break-down."

Of course, I realize it is very difficult for Congress to reorganize our executive agencies. We must give the President authority to do that. As a matter of fact, I am not for all reorganization programs. To show you that this is not a partisan matter, I voted this morning to reject the plan on housing, because I think the housing program and the construction agencies should be under one head and the insuring and lending agencies should be under another head. But if we continue to reject all reorganization plans that come up here, I do not see how we can continue to cuss out the executive department for having a sprawling bureaucracy all over the face of the globe.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. MANASCO] has again expired.

Mr. MANASCO. Mr. Chairman, I yield myself one additional minute.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MANASCO. I yield.

Mr. JUDD. Will the gentleman not agree that if the President would not send up so many things in one reorganization plan, it would not be rejected? In each plan that we have rejected it was because of one item. Last year we had seven or eight items in one plan that were rejected because of only one. Unfortunately we can only accept the whole or reject the whole.

Mr. MANASCO. That is correct.

Mr. JUDD. Each plan carried what could be called, not a legislative, but an administrative rider. In order to defeat that rider, we have no choice but to disapprove the plan.

Mr. MANASCO. The Congress itself could reorganize the Government, but you could not afford to take up a whole day on one particular agency employing 30 or 40 men. You have to take several of them together. We could spend the rest of this Congress reorganizing the Federal departments and I do not believe you could get one of them reorganized, because somebody would object to every one that came up.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. MANASCO. I yield.

Mr. HOFFMAN. Did not the gentleman himself last year vote against one of these plans because he had put in one particular thing?

Mr. MANASCO. I certainly did, and I did it again this morning.

Mr. HOFFMAN. If the gentleman would just use his influence down there to make it a good plan, it would be all right.

Mr. MANASCO. Well, I have very little influence.

In June 1933 the Congress enacted the law which is now generally referred to as the Wagner-Peyser Act. That law created the United States Employment Service as a bureau in the Department of Labor, with responsibility for the promotion and development of a national system of public employment offices.

Under that act the responsibility of the USES was not terminated with the establishment of the national system of public employment offices. After extended hearings by the committees of both Houses and after exhaustive debates on the floor of the House and Senate, the Congress reposed in the United States Employment Service a continuing responsibility for the development of the tools and techniques which are the life-blood of an effective, full-functioning system of public employment offices. The United States Employment Service, under this bill, was given the responsibility for maintaining a system of interstate clearance of labor, for gathering, analyzing, and disseminating labor market information reflecting Nation-wide job opportunities and employment trends. It is responsible for maintaining a Nation-wide farm placement service and of paramount importance the United States Employment Service was, under the Wagner-Peyser Act, given the responsibility for the maintenance of a placement service for veterans.

Mr. Chairman, it was not by mere accident that the United States Employment Service was created as a bureau in the Department of Labor. It was in that Department which the Congress, after careful consideration, determined that it quite properly belonged. It is not at all difficult to understand how this conclusion was reached. We need only to turn to the organic act creating the Department of Labor and we find that one of its basic responsibilities is to advance the wage earners' opportunities for profitable employment. This is also the fundamental purpose and objective of the United States Employment Service. The United States Employment Service is a bureau created for the express purpose of effectuating one of the basic purposes of the Department, of which it is now a part—the Department of Labor.

Mr. Chairman, I submit to the Members of this House that as of this date, there has not been enacted a single piece of legislation which has changed the basic purpose and responsibilities of the United States Employment Service, nor relieved the Department of Labor of its responsibility for promoting employment opportunities for the wage earner. But notwithstanding the inextricable relationship of the Employment Service program to the basic purposes of the Department of Labor, the United States Employment Service has been shifted from pillar to post. In 1939, it was transferred under the Reorganization Plan of the President to the Federal Security Administration; in 1942 by Executive order of the President to the War Manpower Commission; and in 1945 back to the Department of Labor. Now we have before us the majority report of the Committee on Expenditures of Executive Departments which proposes to uproot again this Bureau and transfer it to an independent public-welfare agency—the Federal Security Administration.

Mr. Chairman, I am deeply concerned by this proposal. This proposal by its very nature deemphasizes the Employment Service program since its purpose is to consolidate the employment-serv-

ice activities with those of the unemployment-compensation program in the Federal Security Administration. The majority report itself gives recognition to the fact that in the national employment security program the overriding consideration is the finding of jobs for wage earners and not the payment of unemployment compensation. And yet in spite of that fact, it proposes to transfer the United States Employment Service to the Social Security Administration which is concerned primarily with the unemployment-compensation program, a program admittedly merely incidental to the basic objective of obtaining employment security for veterans.

It is not my purpose to belabor the welfare of the veterans in this picture. I am fully cognizant of the fact that the welfare of the veterans is injected all too often into many legislative issues without justification or merit. But I cannot overlook the fact that the Congress itself in 1944 expressed deep concern over the effect of the consolidation of the activities of the Employment Service with those of the unemployment compensation in the Social Security Board under the Reorganization Plan promulgated in 1939.

Mr. Chairman, the consolidation in 1939 is a proven failure. Notwithstanding protestations to the contrary, the Employment Service program was subordinated to unemployment-compensation activities. The Employment Service for veterans became a mere shell; it had no real program calculated to find profitable employment opportunities for veterans. It was wholly ineffectual.

It was for this reason that in 1944 the Congress enacted legislation to strengthen the Veterans' Employment Service. It was for this reason that title IV of the Servicemen's Readjustment Act of 1944 was enacted. It was for this reason that the Congress in that act, after careful deliberation, provided that the agency administering the United States Employment Service shall maintain that Service as an operating entity. It was the veterans' organizations of America who, in unison, demanded a segregation of the employment service activities from the unemployment compensation program. Let us contrast the concept of a full-functioning Employment Service program as presently carried out by the United States Employment Service in the Department of Labor with the lack of any real program during the period of Federal Security Administration direction.

Today there is conducted by the USES a full-functioning Nation-wide, well-organized campaign for job development. Veterans' employment representatives throughout the country systematically and periodically communicate with employers for the purpose of promoting job opportunities for veterans. The job-counseling program, particularly for veterans, has been tremendously expanded. Placement methods and techniques have reached a high stage of development. The labor market information service, as the keystone of the Employment Service, has attained national recognition for supplying vital information to employ-

ers and employees alike. The United States Employment Service in the Department of Labor, through its occupational analysis work and industrial services, have contributed immeasurably to the employer by rendering assistance in connection with problems which involve the recruitment, selection, assignment, transfer, and promotion of workers with a view to promoting stability in employment and the most effective use of workers' skills and abilities. The State and local employment office, under the leadership of the United States Employment Service, has now become a key center in the local community and is now actively participating in local community programs and problems concerned with employment and increasing stabilization of employment. Many of these services were nonexistent and those that did exist did not function with any degree of effectiveness when the United States Employment Service was subordinated to the unemployment compensation activities in the Social Security Board.

Mr. Chairman, with the emphasis placed by the Department of Labor on a full functioning Employment Service, we have obtained results for the veterans. For example, during the calendar year 1946, 5,640,000 job applications were filed with the State and local offices by veterans. That number represents almost 60 percent of all job applications filed in the State and local employment offices throughout the Nation during that year. During the same year, 1,015,000 veterans were given job counseling interviews; that number represents more than 75 percent of all the job counseling interviews given in all of the State and local employment offices throughout the Nation; 4,508,000 job referrals were made for veterans and 2,033,000 job placements were effected for veterans. With the veterans of the Nation utilizing the Employment Service to that extent, they have a vital stake in its effective operation. They are entitled to some assurance that the Employment Service will be retained in the Department whose primary responsibility is to promote for them gainful employment; whose efforts will be directed at developing the tools and techniques and formulating programs to facilitate and to stabilize their employment.

Mr. Chairman, let us not too soon forget our special obligation to the veterans who left the service of their country with scars that cannot be healed and with impaired capacity to engage in gainful employment. Above all, let us not forget the disabled veterans. For them the Employment Service in the Department of Labor has developed selective placement techniques. During the calendar year 1946, 429,000 applications for employment were filled by disabled veterans with the State and local public employment offices. During this same period, 138,000 job placements were effected. This number represents 65 percent of all placements made of handicapped workers. In other words, 65 percent of all placements of handicapped workers were disabled veterans. During the same year 209,000 disabled veterans were given job counseling interviews.

In spite of this grave responsibility to our veterans, in spite of the previous action of the Congress to separate the Employment Service and the Unemployment Compensation programs manifested through the enactment of the provision in title IV of the Servicemen's Readjustment Act to which I previously referred, we have various administrators of the State unemployment compensation commissions urging its transfer to the Federal Security Administration because they are not disposed to prepare separate budgets for two separate programs. This position is, of course, absurd. In the first place even if the Employment Service were transferred to the Federal Security Agency, a separate budget estimate would be required for each of the respective grants. Secondly, Mr. Chairman, I submit that the overriding consideration here is not whether State Administrators must prepare a separate budget for the Employment Service grants. The important consideration here is whether we are to have an effective Employment Service geared to promote job opportunities for veterans. We must not return to the folly of 1939.

I urge the Members of this House to remember our obligations to the veterans and to reject the majority report.

Mr. HOFFMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I remember a speech that Charles Taft, who heads up a volunteer aid organization in the State Department, made some years ago in Washington to the General Federation of Women's Clubs. The first line of that speech, which was subsequently extended in the CONGRESSIONAL RECORD, was: "Nothing will ever be simple again."

I have fussed against that conclusion for a long time, but the more I see of these bewildering agencies and interests and obligations of the Federal agencies, the more I am inclined to take some stock in that statement that nothing will be quite simple again. So there is a real responsibility, if we can, to simplify, and I believe that the action which the committee proposes today is in the interest of simplification, by rejecting the proposal of the President of the United States.

I went through this lesson back in 1946 in connection with an amendment to an appropriation bill, under which the United States Employment Service was finally returned to the States. What a difficult job it was. I want to say to my good friend, the gentleman from Alabama [Mr. MANASCO], that when he speaks of pressure he will never quite know what pressure is like until he gets into a difficulty of that kind. There was pressure on all sides. I remember how intrigued I was with the fact that when we left the Appropriations Committee at 12 o'clock and action had been consummated, I went to my office, which was practically 12:10 Washington time. The telegrams had already arrived from Chicago and elsewhere, notwithstanding the fact it was only 11 o'clock in Chicago. But somehow or other they seemed to know, and promptly they loaded me up

with protests about this thing. They did not want the United States Employment Service to go back to the States. Obviously, there was a reason. The employees would have to qualify under new standards, and, manifestly, the States would have something to say about it, and rightly so. But the most interesting pressure, for getting these agencies back into the hands of the States, were the telegrams and letters from 47 governors. If I remember correctly, there was one governor who did not join in, and that was the Governor of Utah. Every governor other than that, Democrat and Republican, was anxious to have this employment service come back where it belonged. I tried to approach it from the standpoint of theory. Unless you do you are going to be baffled by all of this stuff that is on the statute books. You must try to rationalize this.

The social conscience of the country has accepted the thesis that we must find a job for a jobless man. We accepted that way back in 1933 and that is the reason why in June of that year we passed the Wagner-Peyser Act which provided matching funds, matching with the States for the purpose of maintaining these offices. So there was the first part of the theory. There was a whole series of State and local employment offices to find a job for a man if he were jobless. There were certain requirements, of course. You could not make him take any kind of work, and they could require approval, or they did require approval, of what went into the State law. So the word "suitable" crept in; you must find suitable work. So over the years there has been enough interpretations to fill this room as to what constitutes suitable work. But now assuming that you cannot find him a job, then the social conscience dictated that we ought to pay him under a formula for a given period on the basis of his earnings over a given quarter so that he had a chance to look around for a job and still could maintain his family. So there you have the whole theory: First, to find a job for a jobless man; and, secondly, if the Federal Government and the State failed to find him a job then to compensate him with unemployment compensation for a limited period. Out of those two theses came this legislation. First, there was the Wagner Act that matched funds amounting to about \$3,000,000 a year; and in 1935 we enacted the Social Security Act. It simply provided, of course, that there would be a tax upon the States and it would be remitted to the extent of 90 percent if they complied with the State law, and therein, of course, were the minimum requirements that were dictated by the Federal Government. So here you have two agencies operating, the United States Employment Service and the Bureau of Employment Security in the Federal Security Agency. It worked all right until finally they transferred the United States Employment Service to the Federal Government. You remember the fuss we had about that. The President wired all the governors to surrender USES, and inside of 11 days—think of it, what a testimony to the expedition with which those

things go ahead—in 11 days these agencies had been transferred to the Federal Government and put in the War Manpower Commission. We did not quarrel about it and the governors did not quarrel about it for the very good reason that we had a war to win. But obviously they expected that USES would come back; and so from time to time in the Labor-Federal Security appropriation bill we constantly wrote a proviso that they must be returned to the States when the emergency was over.

But let me illustrate: When the emergency was over the Federal Government, true to form—here was a power that they had suddenly gotten by the sufferance of the States and the voluntary actions of the States—did not want to let go, notwithstanding the fact that 47 governors wanted that power to be returned. That is the reason we have this controversy on the floor today.

We did not accomplish all we wanted to because there was another deliberative body that emasculated some of our work, and we had a compromise and the transfer to the States became effective on the 15th of November 1946. You see that is a good 6 months ago. Everything worked out very well up to that time but you had this very paradoxical situation. Imagine this Chamber in which we are now sitting to be a large room in an office building in Detroit, Chicago, New York, or elsewhere, and just imagine a barricade right down the middle. Over on this side was the United States Employment Service office operated by the Federal Government to get jobs. Over on the other side was the State unemployment-compensation commission. Yet for both the explicit question was whether or not there was suitable work for a person. Over on this side of the barricade the bureau of employment security maintained its offices. So if a man could not find a job after dealing with the Federal Government and they certified him, he went across the aisle to a State agency. You know, some of our friends who were operating under Federal control were not too careful about certifications and sometimes for political and other reasons they would certify anybody. They threw an undue burden upon the States.

Is it any wonder that the States rebelled? Is it any wonder that their administrative officers rebelled? Everybody rebelled, including the governors. So we got that patched up, by taking the Federal Government out of the operating phase of USES.

At the operating level is where you find a job for a man, at State level. You do not find a job for him in Washington. How stupid was the argument that used to come out of the Labor Department and the Federal Security Agency about how necessary it was to maintain job placement at the Federal level. Where are the jobs? On Pennsylvania Avenue, on F Street, on Jackson Place? Why, the jobs are out in Beanville, Podunk, Cleveland, San Francisco. That is where the jobs are. Every reason and every logic dictated that the business of placing people in jobs should be done at the grass-roots level.

There is a little supervisory group now that the President wants to transfer to

the Labor Department when the effective date of the War Powers Act is over, under which it would go back to Federal Security. The committee has looked at it and said, "No. We will put it back in the Federal Security Agency where it belongs." After all, you are dealing with just two facets of a security pattern, security in the field of jobs. That is security.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. HOFFMAN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. DIRKSEN. Mr. Chairman, the President's language about reconciling it to the old labor technique and labor standards and all that sort of thing is rather interesting but I do not think there is any force in it and if the President would examine it very closely he would find there was no force in it. The jobs are at home and today, USES is doing its job at the grass roots level. So you take that as a part of a whole security pattern that involves not only giving the man a job but paying him when he is jobless.

The interesting thing is that existing law provides that when a man is jobless, the payments have to be made through the United States Employment Service offices. Just see how closely this thing is integrated. The States have already integrated both of these functions. But now comes a proposal to leave it in the Labor Department so the question of unemployment compensation will be administered by the Bureau of Employment Security and the question of job placement will be supervised by the Labor Department. As has been so well pointed out by the distinguished gentleman from New York [Mr. WADSWORTH] two separate audits have to be made. There are two allocations of funds to be made. There are two budgets to be maintained. You fly right in the face of duplication if this is placed in the Labor Department.

Mr. Chairman, there is another thing about it. I do not mind confessing my own confidence in the Security Agency as distinguished from the Labor Department, and I will tell you why. It was too manifest when we went through this controversy and struggle last year that the Labor Department under the present Secretary of Labor, and I esteem him as a friend, was reaching out for more and more authority and went so far as to insist that there be a provision in the conference report that if in his judgment this business of placing jobs at State level was not carried out to suit him he could walk right into a State, create, establish, and maintain a completely separate job-placement service. Now, as you know, when a high administrative official will go that far, I begin to develop a little lack of confidence in his appreciation of where State jurisdiction begins and Federal jurisdiction ends. It is not a case of not having faith in his sincerity, but I cannot go along with that sort of thing. It looks like an effort to reach out and get more and more control. If you leave one function in the Federal Security Agency and one in the Labor Department, just give it a little time and

there will be new techniques, new ideas, new approaches, new statistical findings that will be used as a foundation for new policy to get this thing in a fog, and finally back into Federal hands.

It will be the beginning of an effort to reach out and haul the United States Employment Service back into Federal control. They have not given up. Why, you should see some of the check-ups that have developed in the field as to the activities of these people in trying to bring about an ultimate restoration of this whole job-placement program to the Federal Government. They will not give up. Once the virus has bitten them, why somehow or other the infection is deep and enduring, and they never give up. So, if we are going to make sure that this is going to be administered at the grass roots level, then let us do the wise and sensible and the simple thing; put them in the Federal Security Agency and administer both of them from that place.

I want to say to my friend from New York that I was deeply intrigued with the testimony of the Commissioner of New York in the hearings when he said that this thing is so big and it is so important and it involves so much money, namely, hundreds of millions of dollars, and it involves the welfare of so many millions of people, that it deserves a much larger place than it is getting in the Federal Government.

Now, the sensible thing then would be to leave all of these functions in the Federal Security Agency and then have Congress, by policy legislation, insist that the dignity of the office that will administer this function will not be something subordinate to the Federal Security Agency, but something that is commensurate with the importance of the matter, the welfare of the number of people involved and the hundreds of millions of dollars involved. This could be a first step. First, to reject this reorganization plan and make sure that both of these functions go to Federal Security, and then have the appropriate committee of Congress carefully examine this whole business and give it the dignity and the station that it truly deserves.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. BENDER. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Arkansas.

Mr. HARRIS. The gentleman was here in 1933 when the Wagner-Peyser Act was passed. The gentleman is very familiar with it, having served on the Committee on Appropriations throughout these years, and is tremendously interested in this problem. Could he tell the committee how it was that the Congress originally placed the jurisdiction of the Employment Service in the Department of Labor?

Mr. DIRKSEN. Well, for this very good reason, I think. We were just beginning our researches and our explorations in the whole field, and here was an established agency of government. So,

it was only natural, I expect, that in the first instance we should start with the Department of Labor. Congress, and the President, and the Advisory Committee on Federal Security, and everybody, were feeling their way, and the best testimony about that is the fact that there were whole areas of the security pattern that were not covered because they did not have the actuarial data; they did not have the information to submit to Congress, so there was that final effort at that time. That is the answer, I think.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from New York.

Mr. WADSWORTH. My recollection of the chronology may be inaccurate.

Mr. DIRKSEN. No; it is correct.

Mr. WADSWORTH. The Wagner-Peyser Act was passed before we had any social security.

Mr. DIRKSEN. As a matter of fact, it antedated it by 2 years, but I thought the point of the question was why, specifically, the Labor Department as distinguished from any other agency of government.

Mr. HARRIS. Mr. Chairman, if the gentleman will yield further, it occurred to me that the Congress determined when the act was initially passed that it should be placed under the supervision of the Department of Labor, and that certain conditions later on brought about the action of the late President Roosevelt, in the administration of it, to transfer certain functions under certain circumstances to the Federal Security Agency.

Then in the course of a war and several years the administration of this service now appears to be placed back in the Department of Labor. It seems that we have been going in circles. I just wondered why the Congress decided first it should be in the Department of Labor and now decides it should be in some other agency.

Mr. DIRKSEN. Let us see whether the chronology of it will not clear it up. The Wagner-Peyser Act was approved in June of 1933. The Social Security Act was approved in June or July or thereabouts of 1935. The President of the United States by order transferred this to the Security Agency in 1939. It was then transferred to the War Manpower Commission in 1942, and there was a reason for taking it out of Security, because of the war. We had a manpower job that reached not only into the Army but into the whole economic structure of the country. So there were those shifts for reason. But since there was no Security Agency in 1933 the Labor Department, as distinguished, I think, from any other existing department, was probably the logical place to put it. However, since that time a whole structure of Security has grown up until it is a towering giant that goes into every corner of the country and touches virtually every family that works for a livelihood. So that is the whole story. I am in complete concurrence with the action reported by the committee here to reject the plan, because rejection of the

plan and the return of this to the Security Agency is in the interest of simplicity, it is going to avoid some duplication, and then it is going to make the job easier of finally giving it that dignified station in the Federal structure that it well merits.

Mr. KARSTEN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Missouri.

Mr. KARSTEN of Missouri. The gentleman made the statement that Congress should take some affirmative action to insure that the Employment Service will not become subordinate in the Federal Works Agency. Does he really have such a fear, that if it goes into the Federal Works Agency it will be subordinate?

Mr. DIRKSEN. It is not a case of feeling it is subordinate, it is a case of conviction, which is supported by the observations made by the Commissioner of New York, who I thought made a splendid statement to the committee, that it deserves a better station than it has at the present time.

Mr. KARSTEN of Missouri. But the gentleman does feel that Congress should take some affirmative action in that connection?

Mr. DIRKSEN. To enhance its station?

Mr. KARSTEN of Missouri. To be sure that it will not become subordinate.

Mr. DIRKSEN. I do not think it will become subordinate to the point where we need to worry about it, but after all there is a dignity that befits a billion-dollar operation by the Federal Government.

Mr. HOLIFIELD. Mr. Chairman, I yield 7 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Chairman, never in my life did I hear a better speech than the one just delivered by the gentleman from Illinois, Hon. EVERETT DIRKSEN, exactly on the other side of the question from the conclusion he reached.

I want you men to let me talk to you just as if I were in your office for a minute. You cannot justify in any way in the world your present advocacy of building up bureaucracy, in the light of your own formerly expressed convictions. You claimed you have been fighting bureaucracy for years. I glorified in your fight, and I am still engaged in that fight while you now take the other side. My good friend, the gentleman from Illinois [Mr. DIRKSEN], the most plausible, the most eloquent speaker in this House, says that now the Federal security system is a towering giant that goes into every nook and corner of the land—that is the truth, that is the danger, yet he applauds a witness from New York whom he quotes as saying that it must be given a much larger place in our Government than it now holds.

I say "No." Not only do I say "No," but I say it will imperil the foundations of this Government if you do.

I call your attention to the fact that the estimates produced by the committee of our good friend from Michigan [Mr. WOODRUFF] during the hearings, showed, before we began to cut down the contributions, that there would be an

accumulation in this social security fund of \$70,000,000,000 by 1970. Give any bureau or any bureaucrat that much money power and you shrink into comparative impotence the legislative power of this Government. It will absolutely swamp and swallow the executive, the judicial, and the legislative branches of this Government. Right now, according to the admission of the gentleman from Illinois [Mr. DIRKSEN], it is a towering giant. How I did glory in the fight that he made last year to recapture this power for the States, and, incidentally, I want to remind you that I am still doing business at the same old stand—I do not believe we ought to add one cubit to the stature of this "towering giant" that we have created and nourished. It will destroy our Government unless we curb it. It ought to be the mission, to which we dedicate ourselves religiously, to strike the shackles that are being forged to fetter free government and vest the whole power in the States. That is what ought to be done.

You talk about getting jobs? Less than 5 percent of all the jobs that have been got were secured otherwise than by private contacts at "the grass roots." Less than 5 percent of them came through the Federal service or the State service or both together.

Where does your brother go when he loses his job? He goes to you. And where do you go? You go to somebody you know. And there is the job-producing contact.

President Truman's Reorganization Plan No. 2, of 1947, is sound, just, best under all the circumstances, and in accord with the expressed will of Congress. No one can read it without sensing its sincerity and wisdom. The President is trying to cooperate with us. We should gratefully and gladly approve the plan we are considering, and defeat the pending resolution of disapproval.

Our friend and colleague the gentleman from Wisconsin [Mr. KEEFE] last year in reporting the Labor-Social Security appropriation bill said to us that it was right and proper to take the power back to the Labor Department from whence it had been taken. He cordially approved. So did we all. There we have a responsible Cabinet member to execute the law we write. We have no such assurance if we commit this trust to a "towering giant" and thereby increase his stature and his muscular development.

I want to read to you what Congress said when we created the Labor Department. I quote:

The purpose of the Labor Department shall be to foster, promote, and develop the welfare of the wage earners in the United States, to improve their working conditions, and to advance workers' opportunities for profitable employment.

That is what we said should be the province of the Department of Labor. You cannot escape the logic of the President in agreeing with us. The Labor Department cannot triumph over Congress. But a bureau with an accumulation of \$70,000,000,000 can and will. It will become so powerful that it could sub-

vert and frustrate all other governmental power. We have no right to play fast and loose with powers that were bought with sweat and blood and tears through the years of the infancy of this Republic. We ought not, I submit, to "run out" on the gentleman from Illinois [Mr. DIRKSEN] and his splendid fight that he made last year to restore this power to the people in the grass roots, where it belongs and where only it can be administered unselfishly for the benefit of the rank and file.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. HOLIFIELD. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am so delighted to yield to my distinguished friend, whose name I have been taking pridefully if in vain.

Mr. DIRKSEN. I feel almost contrite when I say to my good friend from Alabama that I have real difficulty in following his argument. My contention is, put the eggs in one basket for purposes of simplicity and elimination of duplication, and then it is so much easier to take a look at their far-flung activities, and get it all in one package, not only for purposes of legislation but for purposes of appropriation. It seems to me the gentleman from Alabama moves in the direction of not one agency, even though it might be large, but two large agencies. This is taking the sin of lesser degree, when you do have to have some bureaucracy, by confining it to one rather than to two.

Mr. HOBBS. I will be delighted to try in my feeble way to answer that very plausible argument. I am not moving in any direction from our battleground of last year. You—our leader then—are reversing the charge you led. I am still fighting dangerous bureaucracy, in the cause of observance of the law we wrote. I am not in favor of building into more elephantine proportions the "towering giant" whose present power has been sufficient, I fear, to win this engagement. Bureaus grow and are made dangerous and ever more dangerous by inside manipulation and magnification. Being on the Appropriations Committee, the gentleman knows that is what you have to fight all the time. You know that the salary of a bureaucrat is dependent upon the number of employees he can squeeze into his department, whether they ought to be there or not. You know that we ought to deny this savory meat of more power, to the insatiable appetite of this and every other bureaucratic "towering giant."

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. JUDD. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I am interested in this resolution. As chairman of the Subcommittee on Appropriations dealing with the appropriations for the Employment Service, the Department of Labor, and the Federal Security Agency,

I may say I have had some experience, since I have been a Member of Congress, in dealing with the problems involved.

It must be understood and recalled that the Wagner-Peyser Act was passed in 1933. That act set up a system of employment services on a cooperative basis with the States. The Federal Government paid most of the expense, but the States matched certain funds. It was not until 1936 that the Social Security Act was enacted and it did not become effective until 1937. Thus we have had the system of employment offices under the Wagner-Peyser Act for years before the system of unemployment compensation under the Social Security Act came into being.

You will recall that title III of the Social Security Act set up the unemployment compensation system.

Unemployment compensation was financed how? It was financed by virtue of a tax levy of 3 percent on pay rolls. Ninety percent of that 3-percent tax was supposedly set apart for the payment of administrative expenses of unemployment compensation. The Social Security Board that was charged with the responsibility for carrying on and carrying out the provisions of the Social Security Act as it related to unemployment compensation had to do something to carry out the purpose of Congress; and one of the things they did was to designate the Employment Service as the agency of government to which employees would have to report who were out of employment in order to be exposed to a job opportunity, in order that they might receive unemployment compensation under State law. Therefore, through the action of the Social Security Board in designating the United States Employment Service as the agency to permit the Unemployment Compensation Service to function, the two from that point on became intimately related. We cannot maintain a system of unemployment compensation, under existing law, without having an Employment Service corollary to it to perform the functions that are required in order to qualify an individual for the benefits under unemployment compensation.

What has happened as a result of this very close relationship and as a result of the tremendous growth of the Unemployment Service in this country and as a result of the fact that the President took over the State employment services? It became a question as to how they were to be financed and as to how they have been financed. Who has paid the administrative expenditures of the offices? Have they operated under the original provisions of the Wagner-Peyser Act? They have not. The administrative expenditures of the employment services have been entirely paid out of the same money, out of the same funds that pay the administrative expenses of unemployment compensation, and very properly so. There is no reason in the world why it should not be that way, no reason in the world, because that 3-percent tax on pay rolls is paid by the employers in the respective States of this Union. That is State money. The tax is levied for that purpose. Here is an integrated system of security for workers.

There ought to be some amendments to the law. There ought to be a rewriting of the Wagner-Peyser Act, and I understand that is going to be undertaken. The law ought to be rewritten and the two programs, the unemployment compensation program and the program of the employment services, ought to be brought close together. There is no question about that at all. We have tried to do that as far as we have been able to do it on the Appropriations Committee. You will recall that I took a rather definite part in fighting to return these employment services to the States.

So we have today throughout this Nation one office out of which operates the unemployment compensation group and also the employment service group, all operating in one office and under State control and all financed under the operation out of the so-called title 3 funds that are levied under the provisions of title 3 of the Social Security Act.

The question is, Should we have the operating head that allocates the funds and determines how much money shall go to the State for operation of the Employment Service in the Labor Department, leaving the unemployment compensation over here in the Federal Security Agency, or shall they be put together? I have always felt they should be put together. I stated clearly on the floor of this House a couple of years ago that I felt the Employment Service as it then was being carried on properly belonged in the Labor Department. They were then under Federal operation—the employment operations have gone back to the States with the Employment Service.

The situation is changed somewhat right now. They should be put together. They should be in the Labor Department or they ought to be in the Federal Security Agency. I do not care particularly where they are.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Alabama.

Mr. HOBBS. May I say that I agree with the gentleman 110 percent and that we ought to do exactly what he is advocating. The first step toward that will be to divorce this by taking it into the Labor Department temporarily until we can amend the Wagner-Peyser Act.

Mr. KEEFE. I do not believe that is the way to do it. Just look at the situation we are up against. You have the Social Security Act which provides for unemployment compensation. That involves all this great system of social security. Title III provides for unemployment compensation. I did not write that. I was not here then. It was put in here by a Democratic Congress. A Democratic Congress enacted that law. You are not going to take that out of administration of the Social Security Board. You now have the Social Security Administration that is handling the administration of that part of social security and the President by virtue of his power of reorganization has transferred out of the Labor Department the Children's Bureau which is charged under the Social Security Act with the

responsibility for administering other titles of the Social Security Act. So you have brought together in the Federal Security Agency, if I may say so, by action of the President and taken out of the Labor Department a function which has been there for years, namely, the Children's Bureau which administers other provisions of the Social Security Act. That clearly indicates an attitude on the part of the President to concentrate in the Federal Security Agency those functions which related to the Social Security Act. When I saw that I applauded it, I approved it, and I supported it. I felt that it was a proper function of the President to see to it that the Children's Bureau was transferred out of the Labor Department and put over where it belongs, with the Federal Security Agency. That was in line with the idea of consolidating in one place those functions that relate to the subject of social security.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. JUDD. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. KEEFE. Mr. Chairman, we get up against this question of the Employment Service. The President says this service is going to stay in the Labor Department. The operating end of the service is out in the States. The operating end is combined with the Social Security Administration which administers unemployment compensation. They are in the same office, they are both under that direction and control. Now, should the operating end of the Employment Service at the Washington level be in the Labor Department now with the Social Security Administration handling the operating end of the employment compensation or should they both be put together and have one operating head here in Washington?

That is the question that we have to determine. Now, if the President's plan is effective, it will mean that this supervisory organization, called the USES, headed by Bob Goodwin, will be in the Department of Labor. It means if it is not made effective, it will revert back to the Federal Security Agency, and there you will have placed together the operating heads of the Unemployment Compensation and the Employment Service.

Mr. MANASCO. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Alabama.

Mr. MANASCO. Does not the gentleman think that our State unemployment compensation commissions now have had enough experience to know how to operate their own organizations and that the Congress should divorce the Federal activities altogether from unemployment compensation and turn them back entirely to the States? We could eliminate a few Federal employees by doing that.

Mr. KEEFE. Of course, I feel that the States are fully competent to administer their State laws, and all unemployment laws are State laws. They are State enacted. The only requirement is that in enacting the State laws they must conform to standards set up by the Federal Government which, theoretically,

furnishes the money under which the laws are administered.

Mr. MANASCO. That is right, and it takes a few Federal employees to theoretically furnish them money, so that if we turn it all back to the States, we could eliminate some employees.

Mr. KEEFE. May I say to the distinguished gentleman that when we brought the bill in there this year there was a provision for \$900,000 for administration of unemployment compensation by the Social Security Board. The USES, performing the functions of supervising the employment services, asked for around \$8,000,000, and we cut them down to the same amount, \$900,000, and it has caused quite a storm of protest. They were asking for more money at the Washington level to supervise the Federal Employment Service operated by the States than they had the year before to manage the whole show and actually run these 1,800 offices throughout the Nation.

I think I have delineated the question before the House, and you must determine whether or not to reject the President's proposal, and if you do, you will put in one place this time in the Federal Security Agency the control of the administration of unemployment compensation and the Employment Service. I personally have not any great tremendous feeling as to where they ought to be placed but I say they should be brought together, because they operate together, and you cannot operate one without the other.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. MANASCO. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. KARSTEN].

(Mr. KARSTEN of Missouri asked and was given permission to revise and extend his remarks.)

Mr. KARSTEN of Missouri. Mr. Chairman, I rise in support of Reorganization Plan No. 2. Under the Reorganization Act that was passed last year, the President makes suggestions to the Congress in connection with reorganizing the executive departments in order to promote efficiency and economy.

This plan has three parts to it: The first deals with the United States Employment Service, the second part relates to the Wage and Hour Division, and the third part concerns coordinating enforcement policies of various labor laws.

I am vitally interested in the committee report on the President's plan to permanently locate the United States Employment Service. It has long been my opinion that our public employment service must play a vital role in assuring high levels of productive employment. To be fully effective in carrying out its responsibilities in this connection, the United States Employment Service should remain in the Department of Labor, where its policies, standards, technical assistance, and services can best be geared to the other activities now carried on in that Department.

I find that the section of the committee report dealing with the United States Employment Service is devoted almost exclusively to the views which

were presented by State employment security directors. The report fails to bring out the fact that these directors for the past 5 years have been concerned exclusively with unemployment compensation and only since last November have they had any responsibility for the administration of public employment offices. A careful review of most of the reasons which the State directors have given for recommending the transfer of the United States Employment Service to the Federal Security Agency will indicate that they reflect a very narrow conception of the functions of the public employment offices. In the main these State directors seem to be concerned with the routine business management and budgetary aspects of the public employment service rather than with the basic fundamental objectives of providing effective job assistance and job counseling to veterans and other job seekers and to promoting employment opportunities by maintaining sound job-development relationships with employers.

The State directors' lack of understanding of public employment service experience during the past 6 or 7 years is evident from the statement in the committee report and I quote:

During the years preceding the war, the public employment service gained rapidly in establishment of employer confidence. During the war much ground was lost and employer confidence deteriorated steadily, largely due to the fact that both compulsion and social planning were to a considerable extent substituted for free services.

The committee would have rendered a real service to this House if it would have gone into the facts behind this assertion instead of blindly quoting it as one of the bases for recommending the transfer of the United States Employment Service to the Federal Security Agency.

I think, Mr. Chairman, that the Members of this House are entitled to know the facts concerning the development of the public-employment service in this country since the prewar years. Perhaps the best index to employer confidence and acceptance of public-employment offices may be found in the volume and kind of job placements which public-employment offices make with employers. Such placements are based upon job orders which employers give to the local offices and obviously these orders would not have been given had there not existed employer confidence. In 1940, the public-employment offices made some 3,700,000 job placements. This was at a time when the Employment Service was under the domination of the unemployment-compensation program in the Federal Security Agency. In 1946, though, with the USES, a separate identifiable agency, in the Department of Labor the public-employment offices made more than 5,500,000 placements.

The mere number of placements does not itself reflect the kind of service which the public employment offices perform. It is more important that we know the kind of jobs on which workers are being placed and for which employers are being serviced. In 1940, about 36

percent of all of the placements were made in the service industries, domestic services, and private households—jobs of relatively short duration and paying very small wages. Only 20 percent of all the placements in 1940 were in the manufacturing industries where are found the higher semiskilled and skilled jobs having relatively longer duration and paying reasonably satisfactory wages. By 1946, manufacturing industry placements constituted 40 percent of all placements and had increased threefold over those made in 1940. This increase in the volume of job placements and the tremendous improvement in placing workers in higher skills and better-paying jobs occurred during the years that the United States Employment Service was not a part of the Federal Security Agency. Contrary to the assertions of the State unemployment compensation directors and the apparent belief of the committee, the public employment offices in 1946, a peacetime year, and following the experience of war years, have established a better record and played a greater role in assuring full use of our labor resources than has ever been true in the history of this country.

Mr. BENDER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and four Members are present, a quorum.

The gentleman from Missouri will proceed.

Mr. KARSTEN of Missouri. The Members of this House, Mr. Chairman, should know that this is only one of the many statements of misinformation or evidences of lack of information which may explain the recommendation of the committee to transfer the United States Employment Service to the Federal Security Agency. I, for one, prefer to support Reorganization Plan No. 2, because it reflects a careful study and review of the functions of the various Government departments in the Executive branch of the Federal Government. I am not inclined to be persuaded by the special and narrow interest of some State directors, who represent only another species of Government bureaucrats, that the United States Employment Service should be transferred out of the Department of Labor. These officials have little or no knowledge of the functions and responsibilities which are lodged in the Federal Government. I strongly urge upon the Members of this House that they search their consciences and bear in mind their views concerning Government efficiency and economy on this matter. I am sure they will come to the conclusion which I have reached that the United States Employment Service properly belongs in and should continue to be a part of the Department of Labor.

I have spent a great deal of time pondering over the words of the committee in their report to the House on Concurrent Resolution 49 to disapprove the President's reorganization plan. I have had particular trouble in understanding the exact purpose of the committee in its somewhat brief disposal of that part of

the plan which would give the Secretary of Labor power to standardize procedures and policies for the enforcement of the Davis-Bacon Act, the Copeland Act, and the so-called 8-hour laws all applying to Government construction work. After admitting the value of such a move the committee proceeds to state, and I quote:

A more appropriate step at this time would seem to require careful consideration of these laws by appropriate congressional committees.

The committee arouses my curiosity, however, by failing completely to reveal what this more appropriate step may be. Personally I can think of nothing more appropriate in the interests of governmental efficiency than to standardize the enforcement policies of many different Government agencies administering the same labor law. I can see no virtue whatever in having a law administered in one way by one agency and in another way by a second agency, and so on down the list of Government agencies.

The Davis-Bacon Act went on the books in 1931. It provides for the Secretary of Labor to determine the prevailing wages for laborers and mechanics in the locality where public works of the United States is being built under contract. Each such construction contract of the United States in excess of \$2,000 must contain a stipulation that the wages in performance of the contract shall not be less than those determined by the Secretary. Does the committee suggest that the appropriate step is to repeal or modify this valuable piece of legislation?

The 8-hour laws similarly provide for payment of one and one-half times the regular rate of pay to mechanics and laborers performing contracts for the construction of public works of the United States. I believe that the time and one-half principle for overtime is too well established as a universal industrial practice to warrant its abandonment at the present time. Does the committee nonetheless imply that the United States Government should now take the initiative in lowering the basic labor standards of this country?

And I believe the same question is pertinent in regard to the Copeland anti-kick-back statute which makes it unlawful for any person to induce wage earners building public works financed by Federal funds to give up a part of their wages in response to force, or threat, or intimidation. This statute blocks a serious loophole found to exist in regard to the Davis-Bacon and 8-hour laws. I assume, therefore, that an intent to repeal those laws would extend to the anti-kick-back statute.

If, on the other hand, the committee is convinced that some other method of administering these laws should be adopted, certainly the Members of this House are entitled to know the disposition of the committee in this regard. And if there is a fatal infirmity in the method chosen by the President, I believe he, too, is entitled to receive the benefit of the committee's opinion and its suggestion as to a more appropriate step toward better organization for enforcing these laws. In choosing to condemn this phase of the plan with faint

praise, coupled with a suggestion for consideration by another congressional committee, the proponents have been clearly derelict in their duty to this House.

Each feature of this reorganization plan appears to me to be altogether fitting and appropriate. The Employment Service operated very successfully in the Department of Labor for many years and recently has been returned to that Department as one of the many necessary steps toward normalcy from wartime operation. To require any future reshifting would, of course, constitute an unwarranted temporary disruption of a function which is clearly a labor function of the Government; that is, supervising the use of funds for obtaining jobs for the unemployed.

The Administrator of the Wage and Hour Division cannot consistently with good government continue to be vested with autonomous authority within the Department of Labor and I am convinced that the plan presents a sound solution in this respect. It is preposterous to assert that the Secretary of Labor should not be vested with the labor functions of Government where they have any effect upon any person other than the wage earner. Upon the same principle the functions of the Secretary of Agriculture under the Packers and Stock Yards Act should be transferred on the equally false grounds that the Secretary is interested in the welfare of farmers to the exclusion of packers who are regulated by that act and of the general public.

No; I cannot agree with the Committee on Expenditures in the Executive Departments. I believe the prime requisite of good government is to place as far as possible under one roof all functions which relate to the same general national problems. In no other way are we going to advance in the practice of good government. It seems to me that this is the only object of this plan, and that there can be no disapproval by fair-minded men of a reasonable Presidential purpose. After all, have we not indicated to him by the Reorganization Act itself our desire to trust largely to his discretion in these matters? Therefore, do we not now find ourselves in the position of having to carry out our declared policy by approving the reasonable use of that discretion? It seems to me that we do. Any other approach would seem to be an indirect attack upon the act itself—and I believe we must decide that question separately upon its own merits.

My plea, therefore, is for a restrained and reasonable approach to this problem. Let us address ourselves impartially to the effects of this plan. I know I have tried my level best to do so and I can only conclude that I must oppose the resolution.

Mr. BENDER. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION. Mr. Chairman, I rise in support of the resolution, House Concurrent Resolution 49, which proposes to reject President Truman's Reorganization Plan No. 2. There have been many very able and splendid speeches on this

subject made by gentlemen on both sides of the aisle. It is not a partisan or political matter. I am sure every Member of the House is trying to reach that conclusion which will best serve this important activity of our Government, unemployment and unemployment compensation. The veterans are not involved.

In the State of Kentucky, of course, we have an unemployment service organization set up. That is very ably and efficiently conducted by one Dr. Babb. I understand he appeared before a committee of this House, handling this resolution, and declared it would be to the best interest of the unemployment and compensation services in Kentucky that those services be a part of and directed by the Social Security organization of the Federal Government, and not in the Department of Labor as suggested by the President in his plan. Some 32 other States took a similar stand. I think they are right, their position makes sense to me.

If this resolution is adopted and these State services are articulated with the Social Security Board I think in the end we shall eliminate the double budgeting, the double auditing, and the double checking that would be necessary if the President's plan were followed; and it would save money to the Government, it would give more efficient service to the unemployed; and it would provide them jobs and take care of their unemployment claims more efficiently, expeditiously, and economically.

I can see no good reason at all why the President's reorganization plan should be approved as it will cost more and be less efficient. There is every reason as stated by Dr. Bobb, the director of the Kentucky services and also by the organizations of at least 32 other States why it should not be disapproved. I am very happy therefore to unite in the approval of this measure as urged by a number of my colleagues.

Mr. ELLIS. Mr. Chairman, will the gentleman yield?

Mr. ROBSION. I yield.

Mr. ELLIS. Mr. Chairman, I make a point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Ninety-one Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 76]

Barden	Cotton	Hartley
Bell	Courtney	Hébert
Bishop	Crawford	Heffernan
Bland	Dawson, Utah	Hendricks
Bolton	Devitt	Hess
Brooks	D'Ewart	Hinshaw
Buckley	Dingell	Holmes
Bulwinkle	Domengeaux	Hope
Burleson	Doughton	Huber
Busbey	Durham	Hull
Byrne, N. Y.	Fernandez	Jarman
Carson	Fisher	Jenison
Case, N. J.	Fuller	Jennings
Case, S. Dak.	Gallagher	Kee
Celler	Gamble	Kelley
Clerk	Gary	Kennedy
Clements	Gifford	Keogh
Clevenger	Gorski	Kerr
Clippinger	Granger	Landis
Cole, Kans.	Grant, Ind.	Lesinski
Combs	Harless, Ariz.	McMillan, S. C.
Cooley	Hart	Mansfield, Tex.

Marcantonio	Philbin	Smith, Ohio
Martin, Iowa	Ploeser	Somers
Meade, Ky.	Plumley	Stratton
Miller, Calif.	Powell	Taylor
Mitchell	Price, Fla.	Thomas, Tex.
Morrison	Priest	Towe
Owens	Reeves	Vall
Pace	Richards	Vinson
Patman	Riley	West
Peden	Rizley	Worley
Pfeifer	Robertson	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DONDERO, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration House Concurrent Resolution 49, finding itself without a quorum, he directed the roll to be called, when 328 Members responded to their names, disclosing that a quorum was present, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER. The Committee will resume its sitting.

The CHAIRMAN. The gentleman from Kentucky will resume.

Mr. BENDER. Mr. Chairman, I yield five additional minutes to the gentleman from Kentucky.

The CHAIRMAN. The gentleman from Kentucky is recognized for five additional minutes.

Mr. ROBSION. Mr. Chairman, I wish to disclaim any responsibility for this quorum call. I had about concluded the remarks I had in mind to make.

This, of course, is a very simple resolution. But one issue is submitted. The resolution is short. It reads:

That the Congress does not favor the Reorganization Plan No. 2 of May 1, 1947, transmitted to the Congress by the President on the 1st day of May 1947.

This does not preclude the President from submitting some other reorganization plan if he sees fit.

There is no partisanship in this resolution, as I understand it. Quite a number of Members from both sides of the aisle have spoken in favor of the resolution and against the Reorganization Plan No. 2. The agencies of the Government themselves are divided as to what is the best thing to do. The Department of Labor thinks they ought to have this compensation and unemployment service, but the report states that the professional group in the Bureau of the Budget do not agree. Some think it ought to go to the Department of Labor, others insist it should go to the Social Security Agency.

Recently in the city of Washington representatives of 33 States of the Union, including Dr. Bobb of Kentucky, adopted a resolution stating by unanimous action on the part of these representatives that this service should be in the social security branch of the Government and not in the Department of Labor. They went on record as opposing Reorganization Plan No. 2 as submitted by the President. The Social Security Agency opposes the transfer of these services to the Department of Labor.

In 1939 President Roosevelt placed this Service in the Social Security Agency. These services were not in the Social Security Agency at the time the Government took them over from the States and

the States surrendered these activities to the Federal Government for the period of the war emergency. The Social Security Board has experience in handling this particular problem. The Department of Labor has not had that experience. You have 33 States, you have President Roosevelt, you have a committee reporting this resolution, you have the Social Security Board, all agreeing that we should not adopt this Reorganization Plan No. 2. The Bureau of the Budget is divided. I urge we adopt this resolution and return this service to the Social Security Agency. The States levy and collect the taxes to pay the unemployment compensations and the States pay out the money and therefore their wishes should have great weight. The States are opposed to the President's plan and favor the resolution before us and I am sure you will adopt this resolution and reject the President's plan.

(Mr. ROBSION asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. HARDY].

Mr. HARDY. Mr. Chairman, it is significant that in practically every State since the Employment Service has been turned back to the States the Employment Service and the employment compensation are operated by the same agency. It has been found on State and local levels that these programs have to be integrated in order to properly serve the people.

We must consider not only the workers, who turn to the Employment Service for locating jobs or to unemployment compensation for benefits during periods when they are unable to find work, but we must consider the broader aspects of the problem of full employment and its effect on our total economy. Just as the general welfare is being served better by the correlation under one administrative head of these two programs on State and local levels, I believe there should be integration on the Federal level. This is especially true since policies relating to each of these functional agencies must be coordinated and must not be conflicting. In the hearings it was pointed out that the States have a great deal to say about policies within their respective States. However, it was also made clear that suggestions of a policy nature which originate in Washington frequently carry the force of administrative orders. When two agencies in Washington are formulating policy suggestions which frequently conflict they have to be reconciled by the State administrative bodies. Consider the loss in efficiency and the accompanying confusion.

There is a question as to whether these two programs should be integrated in the Department of Labor or in the Federal Security Agency. Incidentally the Labor Department requested that the unemployment compensation be transferred to it. I think this question of location is unimportant at this time, although a large percentage of the State administrators urged that the combined activities of these agencies be placed in the Federal Security Agency. I recognize

some serious objections to such a course. Involved in this whole problem is the need to find a solution for the administration of these two programs which involve both management and labor and in which the general public has a greater concern than does either of these two interest groups. General economic considerations require that the administration of these two agencies be fair and objective, and free from the pressure either of organized industry or of organized labor.

There is more involved here than merely the location of the Employment Service. In my judgment, these agencies should be brought together, and the passage of this resolution will afford time for resolving the broader aspects of the problem.

Mr. BENDER. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. VURSELL].

(Mr. VURSELL asked and was given permission to revise and extend his remarks.)

Mr. VURSELL. Mr. Chairman, I was impressed by the remarks of the gentleman who just addressed the House. I was also impressed by the remarks of the gentleman from Illinois [Mr. DIRKSEN], and the gentleman from Wisconsin [Mr. KEEFE].

It seems plain to me, and I believe a vote will show that it is plain to the Members of the House, that greater efficiency can be had in the administration of unemployment compensation and the placement of men on jobs throughout the Nation if here in Washington, as we now have it on the local State level, there would be a consolidation and coordination of the activities of these two agencies, and I think employment activities should rest with the Social Security Agency. Consequently, I am supporting the resolution offered by the gentleman from Michigan and am opposed to the President's Plan No. 2 as suggested to the Congress.

Out in Illinois, one of the great States of the Nation, a great industrial State as well as an agricultural State, the people who pay the bills to support job placement and compensation in Illinois, a part of which money goes to other States from this great wealthy State that I have the honor to represent, they want the President's plan defeated, and they insist that the Federal Security Agency is the place where this responsibility of Government should rest. They believe that it will make for a greater convenience in the direction of opportunity at the State level, and that it will conserve some of the money that is taken from them and other States which is later allocated back to the States. So, it is perfectly plain to me that this question should be resolved by defeating the President's plan and supporting the proposal offered by the gentleman from Michigan.

In the future employment and unemployment compensation will become more of a major problem than it is today, and I should like to divert for 1 minute to suggest that in our consideration of other legislation coming to the floor of this House we ought to keep in mind that

this great country, rich and powerful as it is, owes its first obligation to see that its affairs are conducted so that the men and women of these United States of America get first place on job placements, on educational opportunities, and on opportunities for housing of which there is such a great shortage in this country today.

That brings me where I should like to divert to say that while it is almost out of order, it is so relevant that I should like to point out that at the present time there have come into this country, without visa, 47,000 people from foreign countries during the year 1946. There are at the present time 17,000 young men and women in this country taking advantage of the housing and taking advantage of the opportunities of our educational institutions, whereas we have a great shortage of opportunities for education, yes, even to the GI's who went out and defended this country in the four corners of the world who now, by reason of the disruption of educational facilities want an opportunity to complete their education in this country. Seventeen thousand of these men and women of ours are displaced now in the educational institutions of this country by reason of the infiltration into this country of 17,000 students. Even now we have some shortages of opportunity for labor, yet 47,000 have come in under nonquota opportunities in this country during the year 1946.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. BENDER. Mr. Chairman, I yield five additional minutes to the gentleman from Illinois.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. VURSELL. I yield to the gentleman from California.

Mr. HOLIFIELD. Of course, the gentleman realizes that he is not speaking in order on the Reorganization Plan that is before the House, but commenting on the particular point which he has brought up out of order, I may say that there are also many American boys and girls that are taking advantage of the educational opportunities overseas in this exchange.

Mr. VURSELL. Does the gentleman have the number?

Mr. HOLIFIELD. I do not have the exact number.

Mr. VURSELL. In my opinion, due to the unsettled condition of the world and the lack of opportunity throughout the world, there are very few young men and women from America seeking educational opportunity in the universities of the world outside the continental limits of the United States.

I am a little alarmed at legislation that would open the door wider for people to come in here without any let or hindrance or without any check. May I say that in my judgment there are countless thousands that have come in through the borders without any regard to law or without any regard to the regulations set up by this Government under the immigration statutes. So we are finding ourselves where we are being asked to open the gates wider to the

great disadvantage of the returning soldiers who fought throughout the world to preserve opportunities for their own people and for them when they returned. We shall hear more about that later on when the next bill comes to the floor of the House.

May I repeat that in all of our deliberations I think that sometimes we stray too far in our interest in other countries and opportunities for other people to come into this country, to the great detriment of the people who have the first right and the first call on the institutions of this country and upon the opportunities this country offers to the defenders of this country and the people who defended it on the home front in the last great world crisis.

Mr. HOLIFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, may I preface my remarks by reading a statement made by Keen Johnson, Under Secretary of Labor, appearing at page 61 of the hearings:

The need for the reorganization of the Government was pointed out in President Roosevelt's message, which you are familiar with of January 12, 1937, in which he stated: "In these years of world history, a self-government cannot long survive, unless that Government is an effective and efficient agency to serve mankind and carry out the will of the Nation.

"The Government without good management is a house built on the sand. In striving to make our Government more efficient, you and I are taking up in our generation, the battle to preserve the freedom of self-government which our forefathers fought to establish and hand down to us."

The message went on to say that no enterprise can operate effectively if set up as is the Government today. The chaos of establishments in the Federal Government, numbering approximately 100, makes it impossible for the President and the Congress to exercise effective supervision or direction, nor can overlapping, duplicating, and contradictory practices be avoided.

Let us depart from a partisan discussion and see just what an independent, impartial agency recommended, so far as the position of this Department is concerned. I refer now to a statement and study made by a group of experts, among which were Louis Brownlow, Luther Gulick, and Charles Merriam, who came to the conclusion that between the Department of Labor and the Federal Security Agency, or a proposed Department of Social Welfare, the matter should be determined on a basis of whether a particular governmental program involves rights or needs. Those who conducted that study were of the opinion that wherever a program is based upon the rights of an individual it should be allocated to the Department of Labor and that any program based on the need of an individual should be allocated to the Welfare Agency.

WAGE AND HOUR DIVISION RIGHTS AND NEEDS

The second part of the President's reorganization plan would transfer the functions of the Administrator of the Wage and Hour Division to the Secretary of Labor. Now, as you know, when Congress passed the Fair Labor Standards

Act, it placed the Division in the Department of Labor, and in so doing used this language in section 4 (a):

There is hereby created in the Department of Labor a Wage and Hour Division which shall be under the direction of an Administrator—

And so forth. The act did not specifically give the Secretary of Labor an adequate legal basis for supervising and directing the affairs of the Division. As a consequence, the Division has had an ambiguous status in the Department. I think it is time for the Congress to spell out in clear detail what it means by "in the Department of Labor."

At present, the Wage and Hour Division, for budgetary purposes, is in the Department. Its personnel and budgetary policies must conform to the budgetary policies of the Department as a whole. Also, its legal advice comes from the Solicitor's office, which is under the control and authority of the Secretary of Labor. But because the Congress in 1938 did not spell out clearly its intent there have been some doubts as to the authority of the Secretary of Labor over the Wage and Hour Division in matters of public policy and enforcement procedures.

It is hard for me to give serious consideration to this section of the joint resolution because I cannot see any possible reason why the Division should not be under the direct authority of the Secretary of Labor. On the other hand, there are very good reasons why it should be wholly within the Department. The Secretary of Labor is the Cabinet officer who is responsible to the administration for all labor matters. If this reorganization plan becomes law it will do much toward easing the administrative burdens of the President.

The Administrator of the Division and the Secretary are in accord in supporting the reorganization plan. There is a splendid spirit of cooperation between the Wage and Hour Division and the other divisions and bureaus of the Department. And, of course, there must be. And certainly the Secretary of Labor, who in the public mind is responsible for all governmental functions in the field of labor relations, should be given specific authority to direct the activities of the divisions in accordance with this responsibility. I am certain that there will be no practical change from the present situation. The Secretary has stated frequently, and I quote from one such statement:

If these powers are granted to me I will, of course, make an appropriate delegation to the Administrator and other subordinate officers of the Department.

As the cabinet officer and adviser to the President on all matters relating to labor, the Secretary should have the clear and unquestioned authority to tie in the administration of the Fair Labor Standards Act with the over-all administration of the other labor functions of the department.

It seems to me that to say otherwise would be comparable to saying that a city superintendent of schools should

have no authority to direct the policies of a senior high school in his municipality.

The desire for efficiency in carrying out the Government's functions in the field of labor dictates that all such labor functions which have any impact on worker and employer relationships or which arise out of them should be clearly allocated to the Secretary of Labor. At present the Secretary of Labor has final authority and responsibility for determining prevailing wage rates for building construction workers on public works construction. He has the ultimate control and the responsibility for determining prevailing minimum wages and for administering the provisions of the Walsh-Healey Public Contracts Act.

This problem resolves itself into the logical or reasonable discussion as to whether or not you are going to have a unified or coordinated plan under the Department of Labor, or whether there is going to be a division of responsibility. I say that where any attempt is made to divide responsibility, it is bad legislation to try to hamstring the executive branch because what happens then is poor regulation and poor supervision. It may be good politics, however, so the question is, Are we playing politics or are we trying to do a good job of administering or making it possible to do a good job of administration?

There are those who say that labor needs no protection by the Government; that business will be fair, but the Wage and Hour and Public Contracts Division of the United States Department of Labor reports that during the 1946 fiscal year, 54 percent of all manufacturing industries inspected were found to be in violation of the Federal minimum wage overtime and child labor laws. Nearly 12,000 plants were involved and more than \$9,000,000 owed to 200,000 underpaid employees. In all, more than 2,300,000 workmen were inspected. The bulk of businessmen, of course, were law-abiding. Inspections were made where the Department of Labor suspected violations. Now this is just so much tweedledee and tweedledum. There is an effort here, by means of this resolution to really sabotage effective administration.

And under Reorganization Plan No. 2 of 1946 the Congress gave him the final authority and responsibility with respect to the administration and enforcement of the child-labor provisions of the Fair Labor Standards Act. I should like to make a parenthetical point here, Mr. Chairman, with regard to the spirit of cooperation which exists between the Secretary of Labor and the Administrator and about which I spoke a moment ago. The actual administration of the Walsh-Healey Act and the enforcement of the child-labor provisions of the Fair Labor Standards Act are in charge of the Wage-Hour Administrator, although the Secretary has the final authority and responsibility for these matters. The arrangement has proved to be efficient and practicable and has presented no problems. Therefore, it is not reasonable to assume that transferring the other functions of the Administrator to the Secretary of Labor would present any problems in administration. On the other hand, as I have pointed out,

there are many good reasons for the transfer.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. BUCHANAN] has expired.

Mr. BENDER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. GROSS].

Mr. Chairman, since we will require only about three more minutes on this side, I wonder if we cannot agree on time. I make the unanimous-consent request that we close debate in 20 minutes.

Mr. RAYBURN. You cannot make any unanimous-consent request in Committee of the Whole. The time has already been fixed in the House. Members do not have to yield time unless they want to.

Mr. BENDER. I withdraw the request, Mr. Chairman.

Mr. GROSS. Mr. Chairman, I had intended to oppose this resolution until I heard the Whip on the Democratic side make his defense of it, express himself as to how he felt about it. That changed my position entirely.

This resolution, if enacted into law will cut out a lot of duplication, it will cut out a lot of dissatisfaction, it will expedite work, it will save some money; and that is a thing we have all got to do wherever we can. Our taxes are getting out of hand. The cost of living is going to absurd extremes. We have got to save a dollar wherever we can irrespective of the opposition we get from the other side of the aisle. I noticed on the streets this past week here in the city that bananas were selling for 25 cents a pound. I never heard of such a thing in my life. It is utterly ridiculous and completely indefensible. There is absolutely no reason for such price and no man can defend the selling of bananas at 25 cents a pound. It is utterly reprehensible. The United Fruit Co. made public statements in advertisements saying that they are selling their bananas delivered in this country at the port for 5½ cents a pound.

I know, of course, that several gentlemen will seek the floor after I relinquish it to tell me that I voted against OPA. Sure, I voted against OPA, but under OPA we could not get any bananas at all; there were none.

This morning I noticed in the press that meat had disappeared from the Philadelphia markets yesterday, with the prediction that it will be up from 8 to 11 cents a pound when it reappears in a few days. At the same time there are 17,000 more head of cattle on the Chicago livestock market than there were a week ago. Fellows on the other side of the aisle are going to tell me that I voted against OPA. Sure, I repeat again, I voted against OPA, but we had no meat at all under OPA. It is a matter for the administration to stop this hijacking of the necessities of life. OPA was removed, sure; but it is the responsibility of the administration to get after these robbers, thieves, and hijackers of these necessities.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. No; the gentleman can get his own time to come here and defend the failures of his party, to defend his

taxes, to defend his spending until they got us into a \$280,000,000,000 debt and placed on our backs taxes that are absolutely confiscatory, policies that have driven the cost of living up until we find bananas at 25 cents a pound. We cannot live with fruit at such prices or with the commonest cuts of meat at 40 and 50 cents a pound.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Mr. Chairman, may I have order, please?

I am making a plea for legislation that will help push this Federal Government back into Washington where it belongs and trim it down to button-hole size. I want to get Uncle Sam back into a position where the common man can respect him again. He is getting himself into such position and will stay there if we can whittle down the bureaucrats and the money spenders. We ought to be seeing more of him. He is back in the newspapers, it is true, but he ought to be there a lot more. We want to get living in this country back on such a basis that we can once again eat meat, bananas, potatoes, and the things usually bought on the general market and not have the money depreciated on the one hand and the people overcharged on the other.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I will give the gentleman the rest of my time to come down here to defend this thing.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from Pennsylvania yields back 1 minute.

Mr. HOLIFIELD. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I wish to call attention of the Members to the actual services rendered by the United States Employment Service.

Many of the services are based on assistance, data, knowledge obtained from close contact with personnel in other branches of the Department of Labor.

ACTIVITIES OF THE UNITED STATES EMPLOYMENT SERVICE NATIONAL OFFICE

First. The national gathering and distribution to all local offices in the States of labor-market information reflecting employment trends, job opportunities, hiring specifications, and conditions of work on an occupational, industrial, and local-area basis. This information is now used by all employment offices in connection with employment counseling and placement service activities, and by employers, labor organizations, and community groups concerned with location of plants and employment stabilization.

Second. All technical services resulting from occupational analysis work such as the Dictionary of Occupational Titles, job descriptions and definitions, aptitude tests, trade questions and employment interviewing aids, and the analysis of physical requirements of jobs and physical capacities of workers. These techniques are used particularly in the placement of disabled war veterans and handicapped workers. They constitute basic services which the USES furnishes to both the VES and the State services.

Third. Nationally directed programs, such as (a) the job-development program, with specific emphasis on obtaining employment opportunities for veterans; (b) coordinated and improved counseling for veterans, handicapped workers, and new entrants into the labor market; and (c) such special programs as the national Hire the Physically Handicapped Week.

Fourth. The clearance of labor, both skilled and unskilled, between the States, and the bringing together of workers and the appropriate job opportunities and professional and technical personnel who must look to the national labor market for employment opportunities. This includes service to college graduates, particularly World War II veterans who are finishing their education under the GI bill and who for the most part are seeking positions in sections of the country other than localities where they have finished their education.

Fifth. The National Roster of Scientific and Specialized Personnel, which constitutes the only national register of our scientific manpower resources, and which is regarded by the Army and Navy and others concerned with national security as an indispensable activity.

Sixth. Working relationships with national organizations of employers, labor, and veterans, who are concerned with employment problems and whose activities are organized on a Nation-wide basis.

Seventh. All technical training materials and staff training assistance now being given by the USES to State and local employment offices.

Eighth. The manual of employment-office operations, which is the basic document setting forth recognized and tested employment-office practices and procedures and which has been adopted and is used without change or modification by practically all local offices throughout the country; and which is necessary to a Nation-wide network of local employment offices.

Ninth. Technical services provided to the Veterans' Employment Service, including manuals on operating methods and practices; statistical reporting and labor-market information necessary to assure the maximum job opportunities for veterans; as well as budget, fiscal, personnel, and business management services.

Mr. Chairman, I wish to also call attention to a statement appearing in the committee's report regarding the permanent location of the United States Employment Service, and upon which apparently is based the conclusion that the United States Employment Service should be transferred to the Federal Security Agency. It is my opinion that the misinformation contained in the statement may have been an important factor in leading to the erroneous conclusion of the committee that the United States Employment Service should be transferred out of the Department of Labor. The statement to which I refer, Mr. Chairman, may be found on page 4 of the committee report:

The great weight of the evidence is to the effect that social-security activities, which concern all the people—employers, employees, and generally the public—should be con-

solidated in one neutral agency. The committee believes it would be as great a mistake to place the Employment Service under the jurisdiction of the Department of Labor as to place it under the Department of Commerce.

On the basis of this statement, it would be equally logical to transfer the United States Employment Service to the Bureau of Internal Revenue.

I believe the Members of the House recognize that social-security activities do not concern all the people—employers, employees, and generally the public. As a matter of fact, the social-security activity to which the committee refers is that of unemployment compensation and it is specifically restricted so that it is applicable only to certain employers and to certain types of workers.

For example, employers who have less than eight employees in their establishments are not covered by the tax provisions of the Federal statute relating to unemployment compensation. Consequently, workers employed in such establishments, unless specifically covered by State unemployment-compensation laws, have no rights to unemployment-compensation benefits when they become unemployed. Nevertheless, these workers properly look to the public employment offices for job assistance and job counseling. Two million youths enter our labor market each year and because these young people have had no prior work history, they are in no way covered by the social-security program, yet many of them rely upon the public employment offices to assist them in obtaining jobs. In the same way, I might cite the millions of workers in agriculture, domestic employment, government, and charitable institutions who are excluded from unemployment-compensation provisions, but many of whom rely upon the public employment office facilities for job assistance. As a matter of fact, it is far more correct to say that the Department of Labor is concerned with all the people—employers, employees, and generally the public—insofar as employer-employee relations, job opportunities, and other problems relating to the labor market generally are involved.

Mr. Chairman, as I understand the situation regarding the permanent location of the United States Employment Service, it is that if it were transferred to the Federal Security Agency, its program and activities which are focused exclusively on the development and improvement of a Nation-wide system of public employment offices would be subordinated to those of the unemployment compensation activities. This is so because unemployment compensation is regarded in the Federal Security Agency as an integral part of what constitutes the core of its program; namely, the social insurances. Insofar as experience can serve as a guide, the facts are that when the United States Employment Service was transferred to the Federal Security Agency in 1939, it was practically abolished and its functions were consolidated with those of unemployment compensation. As a result, payment of unemployment benefits took precedence over finding jobs for unemployed workers.

Is there any Member of this House who can question for a moment that it is more important to place unemployed workers on jobs than to pay them unemployment benefits? Indeed, I may say that the committee itself is fearful that the United States Employment Service may once again be subordinated to the unemployment compensation activities in the Federal Security Agency. This is evident from the statement contained in its report which reads that the committee is of the opinion that—

The functions of the United States Employment Service should be transferred to the Federal Security Agency and that the administration of the unemployment compensation laws be consolidated with it in such a manner that emphasis will be placed, in the administration of the consolidated program, upon the work of the Employment Service.

Why is it now necessary for the committee to point out that emphasis should be placed upon the Employment Service in the event that the United States Employment Service were transferred to the Federal Security Agency? Obviously, the answer lies in the fact that the Federal Security Agency would not ordinarily place emphasis on the Employment Service, since it is foreign to the other activities and functions with which it is concerned; namely, the welfare and social insurance programs.

Not only are the activities of the United States Employment Service more closely related to the other activities of the Department of Labor, but the nature of the United States Employment Service responsibilities with respect to the State agencies so far as the public employment office operations are concerned are distinctly different from those of the Federal Security Agency in its administration of unemployment compensation activities. The United States Employment Service is required by statute to promote and maintain a national system of public employment offices, to provide the State and local offices with uniform administrative and statistical procedures, to furnish and publish information on employment opportunities, and to work with local offices on problems peculiar to their localities. None of these responsibilities are found in the Federal Security Agency with respect to the unemployment compensation program.

We do not have in this country a national system of unemployment compensation. Instead, we have independent State systems. This contrasts sharply with the Nation-wide network of public employment offices. When the interstate transfer of workers is necessary in order to bring job-seekers and job opportunities together, the United States Employment Service is required to directly participate in this interstate transfer. On the other hand, when a claimant seeks unemployment compensation benefits in a State other than in the one in which he was previously employed, the arrangements for the interstate payment of benefits is made between one State and another and the Federal Security Agency is in no way involved. This is but one example of the difference in the character of the responsibilities involved in dealing with the States in the case of

the United States Employment Service in contrast to those involved in unemployment compensation by the Federal Security Agency. Indeed, I may say that the committee report is in error when it states "The United States Employment Service"—except in the District of Columbia—"is not an operating agency." The statute which created the United States Employment Service requires it to maintain a veterans' employment service, to maintain a farm-placement service, and to engage in the interstate transfer of workers. No such operating responsibilities can be found in the Social Security Act.

I urge the Members of this House to vote in favor of the President's reorganization plan which would permit the United States Employment Service to continue in the Department of Labor where it is now functioning more effectively than ever before in its history. It is my conviction that this is not only in keeping with sound Government organization based on proper distribution of functions, but that it has national implications involving the most effective utilization of our labor resources, promotion of employment opportunities, and indeed, it is not too much to say, a very real bearing on our national security.

Mr. Chairman, the action of the Committee on Expenditures in the Executive Departments favoring Concurrent Resolution 49 to kill Reorganization Plan No. 2 of 1947 has given me considerable cause for concern. I have studied this plan with a great deal of care and I have discovered nothing which would justify the report of the committee. In fact, it appeared to me that this plan has every argument in its favor and none against it.

Now in 1945 the Congress gave to the President the power to reorganize the agencies of government along lines of greatest efficiency and economy. In so doing Congress frankly recognized that this type of function is clearly for the Chief Executive who is charged with the constitutional duty of running the departments and establishments of the Federal Government. This was a wise move, because it seems to me that the President should have a better knowledge of these problems through his Cabinet officers than we Members of Congress have through sporadic hearings.

The entire inference which I draw from the terms of this act is that once the President has determined upon a system of reorganization and has embodied in it a plan, then every presumption should favor its legitimacy and beneficial effects. The Congress should not act to upset the plan unless it is clearly arbitrary and capricious. For indeed, gentlemen, if we are going to initiate a policy of substituting our own judgment for that of the President in every instance, we might as well repeal the Reorganization Act and return to the policy of initiating executive reorganization ourselves.

A supreme example of quibbling over details may be found in the remarks of the committee which relate to the standardization by the Secretary of Labor of procedures for enforcing the Davis-Bacon Act, the Copeland Act, and the 8-hour laws.

As you undoubtedly know these laws relate to minimum wages, to the illegal kick-back of wages and to overtime pay concerning certain workmen employed in the performance of contracts for the construction of public works of the United States. There is no central administration of these acts. Each agency or department of the Government supervises the performance of its own construction contracts and is responsible for seeing that these provisions are complied with by each contractor. There is bound to be varying enforcement depending upon the quality and quantity of personnel available to each agency for this purpose and upon the degree of interest each agency has in this type of problem. It, therefore, seems a logical step to require at least some uniformity in the methods used by each agency enforcing these statutes. This would still leave the actual job of enforcement to each agency, but the approach used would be in conformance with the most effective and reasonable policies developed by the Department of Labor in the course of administration of the Wage and Hour Act.

I know that you are familiar with the remarks of the committee concerning this phase of the plan. They purported to favor it in principle. They hardly could escape favoring it to some extent because of its utter reasonableness. But then, after finding merit in vesting enforcement policies in one Government official the committee went on to state that a more appropriate step would be to require careful consideration of these laws by appropriate congressional committees. In other words, gentlemen, they say: "Your suggestions have merit, Mr. President, but from now on we intend to do all the reorganizing ourselves."

I have heard a lot about cooperation around here lately. On more than one occasion I have heard it expressed that the President must carry out his pledge of last fall to cooperate with the Congress. Apparently some Members of this House have the notion that cooperation means saying "yes" at all times to every matter which the Congress suggests, whether good or bad, and regardless of whether Congress is itself amenable to suggestion.

Now that is not cooperation—that is meek acceptance of dictatorship of Congress by the legislative branch of government.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Michigan.

Mr. HOFFMAN. The gentleman is criticizing the House, I gather, indirectly for not following along on these reorganization plans. I am sure the gentleman realizes that last year when the gentleman's party had control you did not agree with him on the reorganization plans he sent down.

Mr. HOLIFIELD. Yes; I realize there was a difference of opinion at that time.

Mr. HOFFMAN. The gentleman realizes that he is not cooperating with the House on the question of the tax legislation, over which we have sole authority.

Mr. HOLIFIELD. I will say to my chairman that I realize there usually is a difference of opinion between the legislative branch and the executive branch. I am making the suggestion in all good faith and without any bitterness.

Mr. HOFFMAN. If the gentleman will yield further, does not the difficulty in this particular case grow out of the fact that the President has sent down here under one plan what would be, if considered by the House, three pieces of legislation? While we might agree with two of them, here is one that the House apparently does not agree with. If he would not put these all in one basket, we might be able to go along on part of them.

Mr. HOLIFIELD. In principle I agree with that. I admit that in some of the reorganization plans there are items which I do not like. However, I am sure the President finds himself in that position on the pending labor bill that is before him. There are certain things in there which he advocated, but again, there are many other things which Congress in its wisdom saw fit to attach.

Mr. HOFFMAN. With reference to the labor bill, I think the gentleman is quite right. Undoubtedly we can all find things in that bill with which we do not agree. But does the gentleman recall any proposal for labor legislation being made by any members of the House Committee on Labor or by any Member on the minority side, any single proposition made as to the enactment of labor legislation? Was not the answer always, "No, no, you must not touch the Wagner Act"?

Mr. HOLIFIELD. I will admit there was some argument along that line, but I think there were bills having to do with labor that were introduced on our side of the House. In fact, I introduced some of them myself, which had to do with certain phases of labor.

Mr. HOFFMAN. The gentleman never appeared before the Labor Committee, did he?

Mr. HOLIFIELD. I never had an opportunity.

Mr. HOFFMAN. Did the gentleman ever ask? I never heard of it, and I was over there.

Mr. HOLIFIELD. I may not have asked.

Mr. HOFFMAN. They were just for the record?

Mr. HOLIFIELD. It was because I realized that the bills were not on the Calendar for consideration, and that there was little likelihood of getting them on. I am sure the gentleman has had the same experience.

Mr. HOFFMAN. What I am talking about is a hearing before the committee. The gentleman did not even ask to be heard by the Labor Committee on the bills he says he introduced, so I assume they were just for home consumption.

Mr. HOLIFIELD. Not necessarily, no.

I believe sincerely that the true purpose and meaning of reorganization is that the recommendations of the President, whether he be Republican or Democratic, are entitled to great weight and they should not be overruled unless they are clearly unreasonable or unsound.

In my opinion, in my humble opinion, the Reorganization Plan No. 2 is neither unreasonable nor is it unsound. I, therefore, am against the passage of the concurrent resolution and ask that it be voted down.

Mr. CHAIRMAN, I ask unanimous consent that I may speak out of order for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. HOFFMAN. Mr. Chairman, reserving the right to object, does this have reference to that California convention that you referred to the other day in which you said that the Democratic Party would wreck itself.

Mr. HOLIFIELD. It does not have any reference to that, I might say to my friend.

Mr. HOFFMAN. You do not care to comment any further on that?

Mr. HOLIFIELD. I could at some length if I were so disposed.

Mr. HOFFMAN. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOLIFIELD. Mr. Chairman, I refer to the remarks made by the gentleman from Illinois [Mr. VURSELL] a few moments ago regarding the student exchange program. Since his inquiry to me with reference to the numbers of American students going to school in foreign countries, I have called the Veterans' Administration and I find that there are as of April 30, 1,492 veterans in 239 different schools in 34 foreign countries. These figures are with reference to veterans only. They do not apply to members of the armed services who are attending schools under the Army educational plan in cooperation with the local European universities. Several thousand undoubtedly fall in this category.

In addition to that, the State Department informs me that there are between 5,000 and 6,000 civilian students who are now overseas in foreign countries. Another 5,000 civilian students are going overseas for short-term summer courses. There are 11,000 additional people who have signified their intention to the State Department to go overseas for educational training during 1948.

In my humble opinion the exchange of students is one of the most valuable projects in the direction of world peace and understanding that we are engaged in.

Understanding between peoples can be furthered through the actual experience of students living and learning with and from each other.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. HOFFMAN. Mr. Chairman, I yield the balance of the time remaining on this side to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, it seems to me there are two main questions involved in this concurrent resolution disapproving the President's Reorganization Plan No. 2.

The first question is the matter of administration. How can the employment services and the payment of unemployment compensation be best handled and administered? The testimony, as I recall, was unanimous that they ought to be administered together on the Federal as well as the State level. Those who think they ought to be in the Department of Labor and those who believe they ought to be in the Federal Security Agency were in agreement that the two can be handled better, more economically, and more efficiently, if they are together. Therefore, I think we, too, can agree that from the standpoint of good administration, the unemployment compensation laws and the employment services ought to be handled together.

The next question is one of policy. Should they be together in the Department of Labor or in the Federal Security Agency with the other social insurances, or, as someone suggested, in the Department of Commerce, or, in still some other Government agency? That is not the question directly involved in this resolution, but it is involved indirectly, because if we do not pass this resolution disapproving the President's plan, they will be separated permanently. Only when they come together again with the expiration of the War Powers Act, will we have a chance to decide where the two may best be handled together, if we want to move them both out of Federal Security Agency.

The President's main argument for putting the Employment Service in the Department of Labor is found in the fourth paragraph on page 2 of his message. He said:

Policies and operations of the Employment Service must be determined in relation to over-all labor standards, labor statistics, labor training, and labor law—on all of which the Labor Department is the center of specialized knowledge in the Government.

I asked Mr. Rector, of the commission which administers unemployment compensation and the employment service in Wisconsin, and who is also the president of the Interstate Conference of the Employment Security Agencies and who testified on behalf of the men who direct the unemployment compensation and the employment services of the respective States, if he would care to comment on that sentence because it is the President's major argument for his plan.

Mr. Rector, on page 231 of the hearings, said:

Yes. I think the implications in there are very considerable. It has not been said before, but since you raise the point, we might as well speak to the point. There would be a tendency, an undoubted tendency, and we have found it in sitting down there with them, to go over the promulgations of the rules and regulations under which we operate. There is an instinctive tendency on the part of the Labor Department to think in terms of uniform national application of standards of Federal labor law, of Federal training conditions, to force that on the States, if that is a proper term, through regulations and through standards.

That sentence there would be all right; there would be substance to it if we were concerned with an over-all, planned economy, and the substitution of Federal stand-

ards upon local standards, State standards throughout; but, I am somewhat fearful, sir, of the implications of that sentence.

Now, lest anybody think that he was unduly fearful of Federal pressure, let me read from the testimony on page 82 of Mr. Keen Johnson, Under Secretary of Labor. He had said one of the major reasons why the Department of Labor thought the Employment Service should be under it was because his Department believed that out in the States the Employment Service had been and would be subordinated to the payment of unemployment compensation. I replied that if that were the case "the people in the States would know it and would be objecting to it. They have not so objected."

We did not have a witness from a single State who said that the employment services were being subordinated to the payment of unemployment compensation benefits. The witnesses said the opposite. They said the States naturally want to keep their reserves as high as possible, and in order to do so they want to pay as little compensation as possible, and therefore the incentive is if possible to find jobs for the workers—not put them on compensation.

Mr. Johnson answered me thus:

Congressman, the United States Employment Service here in Washington would like to continue to be in a position to have sufficient authority to emphasize down there in the State that the major factor in this problem is finding jobs for folks and not paying them a check.

Mr. JUDD. What do you mean, "have the authority"?

Mr. JOHNSON. The over-all supervision, on a national level, and all the Federal aspects of it. We would just like to be in a position to insist. Of course, the authority is in the State legislatures.

Mr. JUDD. That is where we thought we put it. We did not know we left it in your hands.

Mr. JOHNSON. "Authority" was probably an ill-advised word. I mean we would like to be in a position where we can urge and insist.

And then the gentleman from Massachusetts [Mr. MCCORMACK], with his genial smile, put it: "You mean sound suggestions that would be followed."

You see what those men in the States are up against from Washington. That is why they came down here to protest the President's plan. All of those who were willing to speak, except one, said they favored this resolution. We asked why some of the others did not. Mr. Reillon told us on pages 197 and 198 of the hearings that 33 of the State administrators thought both services should be in the Federal Security Agency:

Four thought they should be consolidated but considered that they should be neutral, and I may say that in the light of certain circumstances in their own States, they preferred not to say where it should be. Four were of the opinion that they did not want to say anything.

All of those who were willing to speak out their mind, with one exception, felt that the two functions should be together and that control should be kept in the States.

That is the crux of the matter. If we want to keep control of unemployment compensation and employment services in the States, where we returned

them last November, then we should defeat this reorganization plan. I ask all who so believe to vote "aye" on the pending resolution.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That the Congress does not favor the Reorganization Plan No. 2 of May 1, 1947, transmitted to Congress by the President on the 1st day of May 1947.

Mr. HOFFMAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DONDERO, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration House Concurrent Resolution 49, against adoption of Reorganization Plan No. 2 of May 1, 1947, had directed him to report the same back to the House with the recommendation that the resolution do pass.

Mr. HOFFMAN. Mr. Speaker, I move the previous question on the resolution to its passage or rejection.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. COLE of Missouri. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and sixty-four Members are present, not a quorum.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 77]

Anderson, Calif. Gary	Marcantonio
Barden	Gifford
Bell	Gorski
Bishop	Granger
Bland	Grant, Ind.
Boykin	Harris
Buckley	Hart
Bulwinkle	Hartley
Burleson	Hébert
Busbey	Heffernan
Carson	Hendricks
Case, N. J.	Hess
Case, S. Dak.	Hinshaw
Celler	Holmes
Clark	Hull
Clements	Jarman
Clevenger	Javits
Clippinger	Jenison
Cole, Kans.	Kee
Combs	Kefauver
Cooley	Kelley
Dawson, Utah	Kennedy
Devitt	Keogh
Dingell	Kerr
Doughton	King
Durham	Landis
Fernandez	Larcade
Flannagan	Lea
Fogarty	Lesinski
Folger	Lusk
Fuller	McMillan, S. C.
Gallagher	MacKinnon
Gamble	Mansfield, Tex.
	Martin, Iowa
	Meade, Ky.
	Miller, Calif.
	Mitchell
	Morrison
	O'Hara
	Pace
	Patman
	Pfelfer
	Philbin
	Plumley
	Powell
	Price, Fla.
	Priest
	Rabin
	Reeves
	Riley
	Rizley
	Robertson
	Scott,
	Hugh D., Jr.
	Short
	Smith, Ohio
	Somers
	Taylor
	Thomas, Tex.
	Towe
	Wolverton
	Wood
	Worley

The SPEAKER. On this roll call 331 Members have answered to their names. A quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

CORRECTION OF THE ROLL CALL

Mr. BECKWORTH. Mr. Speaker, on roll call No. 74, on June 9, I am shown as not answering to my name. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Without objection, the RECORD and Journal will be corrected accordingly.

There was no objection.

EXTENSION OF REMARKS

Mr. SCHWABE of Oklahoma asked and was granted permission to extend his remarks in the RECORD in three instances and to include extraneous matter.

Mr. FORAND asked and was granted permission to extend his remarks in the RECORD and include a resolution from the State of Rhode Island General Assembly.

Mrs. NORTON asked and was granted permission to extend her remarks in the RECORD and include an editorial from the Jersey Journal.

Mr. HOLIFIELD asked and was granted permission to extend the remarks he previously made today.

Mr. MONRONEY asked and was granted permission to extend his remarks and include a speech.

Mr. EBERHARTER asked and was granted permission to extend his remarks in the RECORD and include an article on the subject of taxes which appeared in the Journal of Commerce of New York today.

Mr. KLEIN asked and was granted permission to extend his remarks in the RECORD and include a radio address by Mayor William O'Dwyer.

INFORMATIONAL SERVICE, STATE DEPARTMENT

Mr. MUNDT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 3342, to enable the Government of the United States more effectively to carry on its foreign relations by means of promotion of the interchange of persons, knowledge, and skills between the people of the United States and other countries, and by means of public dissemination abroad of information about the United States, its people, and its policies.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 3342, with Mr. JENKINS of Ohio in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Friday, June 6, the Clerk had read down to line 18 on page 2. There was pending a committee amendment to strike out the language on lines 4, 5, and 6, page 2, which the Clerk will again report.

The Clerk read as follows:

Committee amendment: Page 2, line 4, after the words "United States to" strike out the balance of line 4, all of line 5, down to and including the words "and to" on line 6.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 7, after the word "and" insert the word "of."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 2, line 8, after the word "peace," strike out the words "by means of" and insert "and to correct misunderstandings about the United States in other countries. The means to be used in achieving these objectives are—"

The committee amendment was agreed to.

Mr. MASON. Mr. Chairman, I offer a preferential motion.

The CHAIRMAN. The Clerk will report the motion.

The Clerk read as follows:

Motion offered by Mr. MASON: Mr. MASON moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

The CHAIRMAN. The gentleman from Illinois [Mr. MASON] is recognized for 5 minutes.

Mr. MASON. Mr. Chairman, we have a bill before us with 21 pages. There is only one page and three lines that deal with this broadcasting system. All the rest of the bill deals with other matters. Some of them I consider very foolish and very undesirable from the standpoint of America.

I call your attention to page 15, paragraph 3, which reads:

Under such regulations as the Secretary may prescribe, to pay the transportation expenses, and not to exceed \$10 per diem in lieu of subsistence and other expenses, of citizens or subjects of other countries, without regard to the Standardized Government Travel Regulations and the Subsistence Act of 1926, as amended—

I wonder why we should pay a greater per diem to citizens of other countries than we allow to our own governmental employees? The bill goes on to say—

provide for planned travel itineraries within the United States by groups of citizens or subjects of other countries, to pay the expenses of such travel, and to detail, as escorts of such groups, officers and employees of the Government, whose expenses may be paid out of funds advanced or transferred by the Secretary for the general expenses of the itineraries.

Why should we invite groups to come here from other countries, pay their travel expenses all over the United States to take in the beautiful scenery we have to show; to pay them per diem expenses and to assign Government employees as escorts to go around with them and show them the beauties? I do not see any sense in that at all.

Then again on page 16 it reads:

To provide for, and pay the expenses of, attendance at meetings or conventions of societies and associations concerned with furthering the purposes of this act when provided for by the appropriation.

What societies? Why, it might be the Political Action Committee or any other committee; and we are to pay the expense of their attendance at conventions.

I say that this bill in its present form is absolutely unsound and that we should strike out the enacting clause.

Mr. MUNDT. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from South Dakota is recognized for 5 minutes.

Mr. MUNDT. Mr. Chairman, I shall not take the 5 minutes because I believe the members of the committee are of one mind, that we should discuss this bill intelligently, section by section, so that we can find out exactly what is in it and not simply jump around from page 1 to page 15, to page 17, and quote a few sentences out of context and try to draw conclusions in that fashion.

We propose to read the bill section by section, to discuss the details of it and try to make clear to you all what is in the bill. Then we will ask you to vote up or vote down those sections after you understand them.

I would like to say just this before closing: I do not believe this Committee and this Congress are going to vote to send this bill back to the committee without real consideration, a bill of this significance which has been studied as carefully as this has been through hearings which in their beginning date back as far as 2 years. It has been carefully scrutinized by the subcommittee, it has been studiously considered by the full committee. It passed both committees unanimously. It has the support of every responsible American in government charged with defending this country in time of war or in promoting and protecting our peace, including Secretary of State Marshall and all his assistant secretaries, including Gen. Bedell Smith, our Ambassador to Russia, and including General Eisenhower himself, who came before the committee to testify that this is of great importance to him as our Chief of Staff in this troubled world.

I ask the Committee to vote down this preferential motion so we can proceed with the business before us.

The CHAIRMAN. The question is on the motion of the gentleman from Illinois.

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 86, noes 109.

Mr. MASON. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MUNDT and Mr. MASON.

The Committee again divided; and the tellers reported that there were—ayes 92, noes 119.

So the motion was rejected.

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: Page 2, line 18, after section 2, subsection 3, insert a new subsection 4, as follows:

"(4) the dissemination abroad of public information about the United Nations, its organization and functions, and the participation of the United States as a member thereof."

Mr. FULTON. Mr. Chairman, I will speak briefly on this amendment. This

amendment adds a new subsection 4 on page 2 under the objectives of the act. The amendment permits the dissemination abroad of public information about the United Nations, its organization and functions, and the participation of our Nation in that Organization.

One of our troubles so far has been that we have not had adequate information given of the position of the United States in dealing with international affairs. We know there are many people in the United States who are confused as to our position, so you can realize how much confusion there is abroad. This will also show to the countries of the world that this particular kind of broadcasting is just not to be patting ourselves on the back, but it is to be a factual and comprehensive function. Under the bill with this amendment, we are to explain the relations of the United States, both within and without the country, as they deal with other countries, and I therefore ask that this amendment be adopted.

Mr. MUNDT. Mr. Chairman, I would like to say that the gentleman has discussed his amendment with the members of the subcommittee, and the subcommittee is perfectly willing to accept it.

Mr. RICHARDS. Mr. Chairman, we concur in the gentleman's amendment insofar as this side of the aisle is concerned.

Mr. HOFFMAN. Mr. Chairman, I rise in opposition to the amendment.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, the gentleman from South Dakota [Mr. MUNDT] tells us that we ought to read this bill paragraph by paragraph and offer amendments if we do not like it. In the next breath he says the committee has been considering this proposed legislation for 2 years, or at least holding hearings. Now he comes along and wants to add a new section to the bill, all of which proves what? Apparently that they do not know what they really desire. They do not know how bad it is. Amendments cannot cure the evil it will do.

Every Member of this House who has been here over one term knows very well that once you create a new agency or once you let a department get its finger in on a new activity you cannot stop them—never. It grows and grows—calls for more and more money and employees, and always more power. Over before the Committee on Expenditures in the Executive Departments we are holding hearings and considering the writing of a new merger bill for the armed forces and creating a Secretary of National Defense. The purpose of that is to provide for the security of this country, putting in a new member of the Cabinet who is to have control—and that is one part of the bill—over our national production. He is to coordinate all of our resources and industries. A Board is to make an estimate of our national resources; it is to find out what we have and what we are short of—critical materials, I assume. It is to get the whole economic productive machine ready for war if and when it comes.

What has that to do with this? Under this bill, if you will refer to it, you will notice it provides that the Secretary of National Defense—oh, no, no, no; the Secretary of State—you know what kind of a department we have down there, and I do not care who is head of it—there is no indispensable man, there is no man who knows everything—under this bill, the Secretary of State can spend as much of this money as he wishes in as many different ways as he wishes—doing what? Bringing in men from outside, bringing them into our factories, teaching them or permitting them to learn our processes, our methods, our secrets of production—discovering how it is that we in time of stress can produce more of the things necessary to defend ourselves in time of war than all the other nations combined, as we did in the last war—and become as Churchill said, the greatest power in all the world.

By this bill you are putting in the hands of the Secretary of State and his outfit down there, the outfit that has harbored the Reds in the last 10 years, who had them inside, putting it in the power of the Department of State power to bring over from abroad the agents of other countries and turn them loose in our industrial world to learn our processes, how we do things, how we get mass production, how we make things better than they do. How do you like that kind of a procedure? What is the use of the Secretary of State, General Marshall, if you please, what is the use of his coming before our committee and asking for a bill to provide for the national defense, for a unification of the armed services, and then have the Secretary of State come in here and ask us to appropriate, as he will later, some thirty-odd million dollars to bring these people from other nations, the agents of other countries, who are or soon may be our enemies, over and put them on the inside where they can drag out everything that we know about production and about processing, all of those things which have brought us into the position where we are as we are today, the most powerful nation in all the world?

What is the use, what is the sense, where is the judgment that says to us that we should hand with this bill to the Secretary of State and his representatives the key to all our secrets, the combination to our industrial safe, and put in the hands of Russia or the countries which it controls the ability to compete with us for the very things both in quality and quantity which will make us secure in the years to come? Why do we not be sensible, why do we not be consistent? Why, as I stated the other day—and I say to you gentlemen, I saw some of you gentlemen from California—you were asked to vote, and many of you did vote, because the leadership of the Republican Party asked you to do so, to cut appropriations—sure you did—for the things that your people wanted, for the things they should have when we have the money, and now be asked to vote some of those same dollars to aid the skilled agents of other nations un-

80TH CONGRESS
1ST SESSION

H. CON. RES. 49

IN THE SENATE OF THE UNITED STATES

JUNE 11 (legislative day, APRIL 21), 1947

Read twice and referred to the Committee on Labor and Public Welfare

CONCURRENT RESOLUTION

1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That the Congress does not favor the Reor-
3 ganization Plan Numbered 2 of May 1, 1947, transmitted
4 to Congress by the President on the 1st day of May 1947.

Passed the House of Representatives June 10, 1947.

Attest:

JOHN ANDREWS,
Clerk.

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 2 of May 1, 1947.

JUNE 11 (legislative day, APRIL 21), 1947

Read twice and referred to the Committee on Labor and Public Welfare

DIGEST OF

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued June 19, 1947
For actions of June 18, 1947
80th-1st, No. 115

CONTENTS

A.A. Act.....	7	Foreign affairs.....	11,14,23	Prices, support.....	1
Appropriations...	5,11,12,19	Information.....	23	Purchasing.....	4,14
Census.....	15	Livestock and meat.....	8	Research.....	10,11
Cotton.....	15	Loans, farm.....	9	R.F.C.....	17
Dairy industry.....	13	Natural resources.....	18	Social security.....	9
Education.....	23	Organization, executive...	4,6	Taxation.....	13
Electrification.....	5	Personnel.....	16	Tobacco.....	7
Farm program.....	18	Prices.....	8,20	Transportation.....	2,22
Flood control.....	3,21			Wool.....	1

HIGHLIGHTS: Senate debated conference report on wool bill; to vote today at 2:30. Senate passed bill to permit carriers to make agreements on transportation charges with ICC approval. House passed independent offices appropriation bill. House disapproved President's reorganization plan 3 regarding housing. House received USDA's proposal to repeal various provisions regarding minimum tobacco allotments.

SENATE

- 1. WOOL-PRICE SUPPORTS.** Received and debated the conference report on S. 814, the wool bill (pp. 7334-44, 7363-4). Agreed to vote on the report at 2:30 today. For provisions of amended bill, see Digest 113. Sen. Aiken, Vt., inserted excerpts from Mr. Dodd's testimony, and a recent letter from him, regarding the proposal to make Sec. 22 of the AAAct applicable to wool (pp. 7339-40). Sen. Hatch, N. Mex., inserted the USDA Solicitor's opinion regarding applicability of the Sec. 22 provision in the conference committee's bill (p. 7342). The President pro tem ruled that the "conference report cannot be recommitted, because the House has accepted the report and the conferees have been discharged" and, as expressed by Sen. Saltonstall, Mass., that "the only thing that can be done with the conference report is either to vote it up or vote it down" (p. 7343).
- 2. TRANSPORTATION.** Passed, 60-27, with amendments S. 110, amending the ICC Act regarding agreements between carriers (pp. 7345-63). The bill, as passed by the Senate, is printed on pp. 7362-3 of the Congressional Record. Rejected an amendment by Sen. Taylor, Idaho, to create a Federal Traffic Bureau and to transfer to it all departments' functions regarding contracts for Government traffic, routing of such traffic, representation of the U. S. in proceedings before administrative tribunals regarding such traffic, auditing transportation charges for Government shipments, and handling claims in connection with such shipments (same as H. R. 3307); however, the amendment was not debated in view of the time situation on the Senate floor (pp. 7361-2).
As passed by the Senate, S. 110 authorizes common carriers and freight forwarders to make agreements concerning transportation services and charges and practices related thereto, subject to approval by ICC but without being deemed in violation of the antitrust laws.

3. FLOOD CONTROL. Passed without amendment H. R. 3792, to authorize appropriation of \$15,000,000 to the War Department for emergency flood-control works (p. 7335). This bill will now be sent to the President.
4. PURCHASING; REORGANIZATION. A subcommittee of the Labor and Public Welfare Committee voted to report adversely to the full committee H. Con. Res. 49, which would disapprove the President's Reorganization Plan 2. That plan would provide for Labor Department coordination of enforcement, by other departments, of several laws regarding wages and hours in connection with Federal contracts. (p. D397.)

HOUSE

5. INDEPENDENT OFFICES APPROPRIATION BILL, 1948. Passed with amendments this bill, H.R. 3839 (pp. 7373-400). There was considerable discussion as to actual amount of reduction in the President's budget by action on appropriation bills thus far. During the debate, Rep. Miller, Conn., spoke in favor of his bills to amend the Federal Power Act (pp. 7382-6).
6. REORGANIZATION; HOUSING. Agreed to H. Con. Res. 51, which disapproves the President's Reorganization Plan No. 3, concerning the reorganization of housing agencies (p. 7400).
7. AAACT: TOBACCO. Received from this Department proposed legislation to repeal the provision of the AAACT of 1938, as amended, relating to minimum farm acreage allotments and increases in small tobacco acreage allotments. To Agriculture Committee. (p. 7411.)
8. MEAT PRICES. Rep. Celler, N.Y., urged the Agriculture Committee to investigate the recent increase in meat prices (p. 7371).
9. FARM LOAN ASSOCIATIONS; SOCIAL SECURITY. At the request of Rep. Hope, Kans., H.R. 2415, to cover employees of production credit associations and national farm loan associations under the Social Security Act, was rereferred from the Agriculture Committee to the Ways and Means Committee (p. 7411).
10. EXPERIMENT STATIONS. Received from the Missouri Agricultural Experiment Station staff and the faculty of the Missouri College of Agriculture a petition not only "to restore the publication of the Experiment Station Record but to enlarge its scope and usefulness" (p. 7412).
11. APPROPRIATIONS. Received from the President (June 16) a supplemental appropriation estimate of \$90,000 to complete liquidation of the Office of Scientific Research and Development (H. Doc. 328).
Received from the President (June 16) a supplemental appropriation estimate of \$73,361,000 for U.S. participation in the International Refugee Organization (H. Doc. 327).

BILLS INTRODUCED

12. APPROPRIATIONS. S. Res. 129, by Sen. Bridges, N.H., to authorize \$25,000 for the Appropriations Committee to conduct investigations. To Appropriations Committee. (p. 7333.)
13. TAXATION; DAIRY INDUSTRY. H.R. 3884, by Rep. Carson, Ohio, to provide for including dairy cattle owned by a taxpayer conducting a dairy farm as "property used in the trade or business" within the meaning of the Internal Revenue Code.

SALE OF AIRPLANES

Committee on Expenditures in the Executive Departments: Subcommittee on Surplus Property considered sale of some 5,000 used Army planes for salvage purposes to Martin Wunderlich (Kingman Air Field, Arizona), and heard John H. Carey, WAA, and Mr. Wunderlich himself testify as to the sale price and manner of handling the sale. Hearings continue tomorrow.

FCC AMENDMENTS

Committee on Interstate and Foreign Commerce: Subcommittee continued hearings on S. 1333, FCC Act amendments, and heard Justin Miller, A. D. Willard, and Don Petty, all of the National Association of Broadcasters; and J. N. Bailey, executive director, FM Association.

SALMON TRAPS

Committee on Interstate and Foreign Commerce: Subcommittee heard Asst. Sec. of the Interior Warner W. Gardner testify in support of S. 1446, to authorize leasing of salmon trap sites in Alaskan waters.

ANTIDISCRIMINATION

Committee on Labor and Public Welfare: Subcommittee on Antidiscrimination held hearings on S. 984, to prohibit discrimination in employment because of race, religion, or color, with the following witnesses testifying in support of the bill: Walter Reuther, UAW; Roderick Stephens; Henry C. Turner; and Col. Charles Garside, New York State Commission, against discrimination, all of New York; and Joseph Bustard, Deputy Director of State Education, Newark. Hearings continue tomorrow.

REORGANIZATION—USES AND WAGE HOUR

Committee on Labor and Public Welfare: Subcommittee voted to approve the President's Reorganization

Plan No. 2, when it voted to report adversely to the full committee H. Con. Res. 49, expressing disapproval of the President's Reorganization Plan No. 2, which would place USES under the Department of Labor instead of reverting it to the FSA, and the function of Wage and House Administrator under the Secretary of Labor.

COAL MINE SAFETY REGULATIONS

Committee on Public Lands: Subcommittee heard testimony on S. 100, to prescribe health and safety regulations for coal mines, by Jack Forbes, Bureau of Mines of the Department of the Interior, and Harrison V. Combs, UMW. Both analyzed the bill, making various suggestions. Hearings continue tomorrow.

FOREIGN CURRENCY

Combined meeting of *Committees on Appropriations, Armed Services, and Banking and Currency:* Continued hearings on military occupation currency, with testimony from Andrew N. Overby, Special Asst. to the Sec. of the Treasury; Joseph J. O'Connell, Jr., Treasury General Counsel; A. W. Hall, Director of the Bureau of Engraving and Printing; War. Dept. Budget Officer Maj. Gen. George J. Richards; Brig. Gen. E. M. Foster, Asst. Chief of Finance; and John H. Hildring, Asst. Sec. of State.

Director Hall testified that the Bureau of Engraving and Printing, through a private contractor, supplied 532,720,000 individual mark notes from ½ mark to 1,000 in denomination, at a cost of \$844,429, the cost of which was borne jointly by the American, British, and French Governments. This amounted to over 15 billion in marks, having a dollar value of 1½ billion. He estimated that the cost of supplying currency plates and other material to the Russian Government was \$60,000. Hearings were adjourned subject to call.

House of Representatives

Chamber Action

Bills Introduced: Seventeen public bills, H. R. 3883-3899; five private bills, H. R. 3900-3904; and one resolution, H. J. Res. 219, were introduced. Pages 7411-7412

Bills Reported: Bills and resolutions were reported as follows:

H. R. 3638, amending the National Archives Act, so as to provide statutory authority for appropriations to be furnished to the National Archives (H. Rept. 597);

H. R. 2588, providing for mails consigned to an airport from a post office, or vice versa, to be transported by trucks owned, and driven by personnel of, the Government-owned Motor Vehicle Service (H. Rept. 598);

H. R. 3513, transferring the Panama Railroad pension fund to the civil-service retirement and disability fund (H. Rept. 599);

Seven private claims bills: S. 116 (H. Rept. 600), H. R. 405 (H. Rept. 601), H. R. 406 (H. Rept. 602), H. R. 990 (H. Rept. 603), H. R. 1492 (H. Rept. 604), H. R. 1736 (H. Rept. 605), and H. R. 2268 (H. Rept. 606);

H. R. 3315, authorizing the conversion of certain naval vessels (H. Rept. 607); and

Disposal of certain executive papers (H. Rept. 608).

Page 7411

Social Security Tax: Passed H. R. 3818, amending the Federal Insurance Contributions Act, a bill mainly de-

signed to establish a new schedule of social security taxes for employers and employees. The proposed rates and calendar years are—1 percent for 1948 and 1949; 1½ percent for 1950 through 1956; and 2 percent for 1957 and thereafter.

The measure also continues, for the period ending June 30, 1950, the State-Federal matching formula with respect to old-age assistance and aid to dependent children and to the blind.

Pages 7369-7370

Independent Offices Appropriations: Passed and sent to the Senate, H. R. 3839; the ninth of the regular departmental appropriations bills for 1948. As passed, with minor amendments, this measure appropriates for the Executive Office of the President and sundry independent offices of the Government, \$8,167,869,027 as recommended by the Committee on Appropriations, cutting the Budget estimate by \$330,540,732, and represents a decrease of \$1,446,257,123 from amount appropriated for 1947.

Pages 7373-7400

Corporation Carry-overs: Committee on Ways and Means obtained permission to file, by midnight, Friday, June 20, a report on H. R. 3861, allowing successor railroad corporations the benefits of certain of its predecessor's carry-overs as presently provided by the Internal Revenue Code.

Page 7400

Reorganization Plan No. 3: Adopted H. Con. Res. 51, the disapproval resolution of President's Reorganization Plan No. 3, relating to home ownership and Federal housing agencies.

Page 7400

War Housing: Passed, with sundry committee amendments, H. R. 3492, a bill providing for the expeditious disposition of certain war housing. The housing concerned in this measure, built for the war emergency, is of a permanent nature, and represents the 12,289 multifamily units constructed under the Lanham Act of 1940.

Pages 7400-7410

Program for Thursday: Adjourned at 5:45 p. m., until 12 noon, Thursday, June 19. Scheduled for consideration are H. R. 1389 and H. R. 966, both amending the Veterans' Preference Act; and H. R. 2298, amending the Interstate Commerce Act, relating to debt obligations of certain railroads. H. R. 3342, the Federal information and educational exchange bill, is to be resumed, if possible, after disposition of other three bills.

Reports on Committee Meetings

(Committees not listed did not meet)

FARM LABOR

Committee on Agriculture: Met on H. R. 3367, providing a program for the collection and dissemination of information with respect to the supply and demand for agricultural workers, and heard F. A. Anderson, Director, Agricultural Extension Service, State of Colorado; H. L. Mitchell, president, National Farm Labor Union, A. F. of L.; Rev. William J. Gibbons, S. J., board of direc-

tors, National Catholic Rural Life Conference; Elmer J. Hewitt, vice president, Meat Cannery and Farm Workers Union, Local No. 56, Bridgeton, N. J. Hearing continues tomorrow.

UNIVERSAL MILITARY TRAINING

Committee on Armed Services: Met on universal military training legislation and heard Dr. Walsh, president, Georgetown University, testify in favor of universal military training. Hearing continues tomorrow.

RECONSTRUCTION FINANCE CORPORATION

Committee on Banking and Currency: Met in executive session on the continuation and extension of RFC. Meeting continues tomorrow.

D. C. ACTIONS

Committee on the District of Columbia: Judiciary Subcommittee met in executive session and agreed to report favorably to the full committee H. R. 3864, amending present unemployment compensation law so as to credit military service as continuing operation for the purpose of contribution, H. R. 3744, authorizes construction of railroad siding, H. R. 3131 extends for 1 year the provisions of the District of Columbia Emergency Rent Act, amended to run to March 31, 1948.

AID TO EDUCATION

Committee on Education and Labor: Met on H. R. 3682, extending the period providing assistance for certain war-incurred school enrollments, and ordered the bill favorably reported to the House as amended. This bill extends the time for granting aid to education, as provided by the Lanham Act, to June 30, 1948, but limits the amount of assistance to not exceed \$5,000,000 for the period stated.

FREEDOM TRAIN—DEPT. OF PEACE—FEDERAL LOBBYING

Committee on Expenditures in the Executive Departments: Met to discuss Freedom Train and heard Attorney General Clark who described the proposed activities and plans for the Freedom Train.

At 2 p. m. the committee met on H. R. 503, creating a Department of Peace headed by a Secretary of Peace, and heard R. M. Davis, president of the Davis-Wilson Coal Co., Morgantown, W. Va.; Jennings Randolph, former Congressman and assistant to the president, Capital Airlines, Washington, D. C.; Miss Mary Helen Bruffy, high-school student, Webster Springs, W. Va.; Kenneth R. Kurtz, high-school student, Weston, W. Va.; Dr. Carl M. Frasure, professor of political science, West Virginia University, Morgantown, W. Va.; Rev. W. S. Boyd, pastor, Wesley Methodist Church, Morgantown, W. Va.; Dr. Paul F. Douglass, president, American University, Washington, D. C.

Subcommittee on Publicity and Propaganda met to investigate alleged lobbying activities of officials of the U. S. Public Health Service, Children's Bureau, Office of

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued June 23, 1947
For actions of June 20 & 21, 1947
80th-1st, Nos. 117 & 118

CONTENTS

Adjournment.....	14,17	Industrialization, rural..	7	Personnel..	1,4,10,19,23,27
Appropriations..	1,3,6,11,31	Information.....	10	Prices, farm.....	8
Buildings and grounds....	1	Labor.....	8,9,15	Public works.....	24
Daylight saving time.....	22	Labor, farm.....	25	Purchasing.....	2
Economic report.....	8	Lands.....	16,20	R.F.C.....	5,13
Education.....	10	Lands, reclamation.....	32	Soil conservation.....	6
Fertilizers.....	26	Livestock and meat.....	1	Statistics.....	12
Flood control.....	30	Loans, farm.....	18	Sugar.....	1,29
Foreign affairs..	8,10,11,33	Organization, executive...	2	Transportation.....	28
Forests and forestry.....	16	Patents.....	21	Wool.....	8

HIGHLIGHTS: Senate committee reported 2nd urgent deficiency appropriation bill; added foot-and-mouth disease item of \$1,500,000; deleted provision regarding Sugar Rationing Administration. Senate committee submitted report in favor of reorganization plan on coordination of public-contracts laws enforcement. Committees reported measures for RFC continuation. Senate continued debate on President's veto of labor-management bill.

SENATE - June 20

1. **SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1947.** The Appropriations Committee reported with amendments this bill, H. R. 3791 (S. Rept. 315) (p. 7540).

The Committee added an item of \$1,500,000 additional, fiscal year 1947, for the foot-and-mouth disease campaign (Budget estimate, \$3,000,000). It also deleted the provision that not over \$215,000 of the \$898,000 originally earmarked for terminal leave may be used for operating expenses of the Sugar Rationing Administration for the remainder of this fiscal year (the Department recommended this deletion upon Budget Bureau advice that \$315,000 would be available for operating expenses through transfer from OTC liquidation funds).

The bill also includes, in the form as passed by the House (see Digest 110), items regarding obligations between July 1 and enactment of appropriation bills, payment of terminal leave from 1947 funds, and certain ARA buildings.

2. **REORGANIZATION.** The Labor and Public Welfare Committee reported adversely H. Con. Res. 49, which would disapprove the President's Reorganization Plan 2, which provides for coordination through the Labor Department of other departments' enforcement of the public-contract laws regarding wages and hours (S. Rept. 320) (p. 7540). In other words the Senate Committee is in favor of the plan.

3. **APPROPRIATIONS INVESTIGATIONS.** The Appropriations Committee reported with amendment S. Res. 129, authorizing this Committee, in making investigations under the Legislative Reorganization Act, to employ temporary assistants and make certain expenditures. Referred to Rules and Administration Committee. (p. 7540)

The Appropriations Committee also reported without amendment S. Res. 130, authorizing this Committee to make additional expenditures under Sec. 134 (a) of the Legislative Reorganization Act. To Rules and Administration Committee. (p. 7540.)

4. MILITARY LEAVE. The Armed Services Committee reported without amendment H. R. 1845, to amend existing laws regarding military leave for U. S. employees so as to equalize rights to leave and reemployment for such employees who are members of the Enlisted or Officers' Reserve Corps, the National Guard, or the Naval Reserve (S. Rept. 327)(p. 7540).
5. RECONSTRUCTION FINANCE CORPORATION. The Banking and Currency Committee reported an original measure, S. J. Res. 135, to continue RFC (S. Rept. 321)(p. 7540).
The Banking and Currency Committee also reported an original resolution, S. Res. 132, to direct this Committee to investigate RFC operations and report to the Senate by Mar. 1, 1948; also to authorize the Committee, with the consent of the department or agency heads concerned, to utilize the services, information, facilities, and personnel of any department or agency. To Rules and Administration Committee. (p. 7541.)
6. ACP APPROPRIATIONS. Received an Ala. Legislature memorial favoring continuation of the Agricultural Conservation Program (pp. 7539-40).
7. RURAL INDUSTRIALIZATION. Sen. Johnston, S. C., inserted and discussed a letter and articles favoring S. 1452, to aid in industrialization of underdeveloped areas (pp. 7541-2).
8. LABOR. Debated the President's veto of H. R. 3020, the labor-management bill, which the House had voted to over-ride earlier in the day (pp. 7551-600). (The June 20 issue of the Record did not include all of the Senate debate.)
During this debate: Sen. Pepper, Fla., discussed the necessity of maintaining purchasing power if large demand for citrus fruits is to continue, and Sen. Taylor, Idaho, discussed the same point in relation to citrus fruits and milk (p. 7559). Sen. Taylor, Idaho, spoke in support of the Columbia Valley Authority bill (pp. 7571-2), against the import-control provisions of the wool bill (pp. 7573-4), expressed a fear of declining farm prices (p. 7581), criticized the length of time taken by the Joint Committee on the Economic Report (p. 7581), discussed with Sen. Johnston, S. C., increases in meat prices (p. 7582, 7586).

HOUSE - June 20

9. LABOR. Received the President's veto message on H. R. 3020, the labor-management bill (H. Doc. 334)(pp. 7500-3). Voted, 331-83, to over-ride the veto (pp. 7503-4).
10. FOREIGN AFFAIRS. Continued debate on H. R. 3342, the Mundt information and educational exchange bill (pp. 7515-35). (For provisions of the bill, see Digest 109.) Agreed to an amendment by Rep. Keefe, Wis., to strike out Sec. 702 (3) and (6) regarding travel and attendance at meetings (p. 7518), and his amendment to strike out Sec. 802 authorizing acceptance of donations for the purposes of the bill (p. 7525). Reading of the bill for amendment was completed.
11. UERRA LIQUIDATION. Received from the President a proposed provision regarding an appropriation for this purpose (H. Doc. 336); to Appropriations Committee (p. 7537).
12. STATISTICS. The Post Office and Civil Service Committee reported with amendments H. R. 1821, to provide for collection and publication of statistical information by the Census Bureau (H. Rept. 618)(p. 7537).

REORGANIZATION PLAN NO. 2 OF 1947

JUNE 20 (legislative day, APRIL 21), 1947.—Ordered to be printed

Mr. BALL, from the Committee on Labor and Public Welfare,
submitted the following

REPORT

{To accompany H. Con. Res. 49}

together with the

MINORITY VIEWS

The Committee on Labor and Public Welfare, to whom was referred the concurrent resolution (H. Con. Res. 49) against adoption of Reorganization Plan No. 2 of May 1, 1947, having considered the same, report unfavorably thereon and recommend that the concurrent resolution do not pass.

Reorganization Plan No. 2 was transmitted to Congress by the President on the 1st day of May 1947. The House of Representatives has passed the concurrent resolution, and the effect of its adoption by the Senate would be to prevent such plan from coming into force and effect on July 1, 1947.

Reorganization Plan No. 2 provides as follows:

First: The United States Employment Service is permanently transferred to the Department of Labor, instead of reverting, upon termination of title I of the First War Powers Act (U. S. C. 50, App. 601-605), to the Social Security Board, from which it was, by Executive order, transferred, first to the War Manpower Commission, then to the Department of Labor.

Second: The functions now vested in the Administrator of the Wage and Hour Division are transferred to the Secretary of Labor.

Third: The Secretary of Labor is authorized to coordinate the administration of the various labor laws applying to employment on Federal public works contracts and to lay down such regulations and standards as may be necessary to assure consistent enforcement of these laws.

The committee held extensive hearings on the President's Reorganization Plan No. 2 of 1947 and heard representatives of the Bureau of

the Budget and all executive agencies in interest and many of the directors who administer the employment service and the unemployment compensation laws in and for the several States.

THE UNITED STATES EMPLOYMENT SERVICE

The United States Employment Service was established by the Wagner-Peyser Act in 1933 as a bureau in the Department of Labor. Because of problems which had arisen in its dealings with the Social Security Board concerning relations between the employment service and unemployment compensation programs, it was transferred to the Federal Security Agency in 1939 by Reorganization Plan No. 1. There its functions were consolidated with the unemployment compensation functions of the Social Security Board and administered by the Bureau of Employment Security.

In 1942, after federalization of the State employment services, the United States Employment Service was transferred to, and became the operating agency of, the War Manpower Commission. When that Commission was abolished the United States Employment Service was transferred to the Department of Labor, under the authority of the First War Powers Act.

In November of last year the operation of the employment offices was returned to the States, pursuant to the provisions of the Department of Labor Appropriation Act, 1947. The United States Employment Service then reverted to its original role as a supervising agency, which grants allocations of money to the various State governments for the administration of State employment services. In order to receive these funds, each State must submit a plan, approved by the United States Employment Service, under the provisions of the Wagner-Peyser Act of 1933. It also serves as a clearing house and is the research and development center for the employment office system.

The Bureau of Employment Security, to which the United States Employment Service would eventually return if Reorganization Plan No. 2 is disapproved, is likewise a supervising agency which grants allocations of money to the States for the administration of State unemployment insurance laws.

Employment service is a labor function and clearly comes within the basic purposes of the Department of Labor as defined by its organic act. No governmental activity is more directly designed to "foster, promote, and develop the welfare of the wage earners of the United States and advance their opportunities for profitable employment" than the maintenance of a placement service to assist them in finding jobs and employers in obtaining workers.

The work of the Employment Service ties in with that of a number of other units of the Labor Department, and there is a two-way flow of technical information and assistance between them. The Division of Labor Standards, the Women's Bureau, and the Bureau of Labor Statistics all perform functions which require cooperation with the Employment Service.

It is true that at the State level the unemployment compensation and employment services are generally administered by the same personnel in the same office. It is desirable that they do so, for their services are complementary. The worker comes to those offices to secure a job or to obtain compensation while finding work. No such

reasons prevail at the Federal level. Congress has provided separate Federal grants for employment service and unemployment compensation, and the costs of the two programs must be segregated to determine grants.

Obviously, the objective should be to find the unemployed worker a job rather than to pay benefits. With the Employment Service in the Labor Department and solely concerned with the development of placement services, that program is more certain to receive vigorous leadership than if it were supervised by a Federal agency mainly interested in the administration of social insurance. Also, there is less possibility of neglecting the placement needs of the large groups of workers who are not covered by unemployment compensation.

The State administrators who testified before the committee recommended that the United States Employment Service be permanently placed in the Federal Security Agency. All admitted, however, that there had been excellent cooperation in the working out of uniform regulations between the Department of Labor and the Federal Security Agency, and no complaint with respect to either was advanced.

FUNCTIONS OF THE ADMINISTRATOR OF THE WAGE AND HOUR DIVISION

The Fair Labor Standards Act of 1938 placed the Wage and Hour Division in the Department of Labor for "housekeeping" purposes. To administer its functions the office of Administrator was created, to be filled by appointment of the President, with advice and consent of the Senate.

The President's plan, by its terms, "transfers the functions of the Administrator of the Wage and Hour Division to the Secretary of Labor to be performed subject to his direction and control." In his testimony before the committee, the Secretary said that he would delegate the administration of the Wage and Hour Division to the Administrator. His criticism of the present status of that Division is that the public generally holds him responsible for its policies and the acts and conduct of its employees although he has no control over the formulation of policy or selection of personnel.

At the present time the Secretary of Labor has the ultimate authority and responsibility for determining prevailing minimum wages and for administering the minimum wage, overtime compensation, and child-labor provisions of the Walsh-Healey Public Contracts Act. Under the Reorganization Plan No. 2 of 1946 he has final authority and responsibility with respect to the administration and enforcement of the child-labor provisions of the Fair Labor Standards Act. The administration of these acts involves problems similar to those involved in the administration of the Fair Labor Standards Act. Government activity in this field should be carried out in accordance with a consistent policy.

By far the most important function of the Administrator is that of issuing administrative rulings. When questioned by the committee, the Secretary was of the opinion that the President's plan would transfer this function to him. The Secretary has now consulted with the Solicitor and other legal advisers and has informed the committee as follows:

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, June 18, 1947.

The Honorable ROBERT A. TAFT,
*Chairman, Senate Committee on Labor and Public Welfare,
United States Senate, Washington, D. C.*

DEAR SENATOR TAFT: This is with reference to section 2 of Reorganization Plan No. 2, which is pending before the Senate Committee on Labor and Public Welfare.

The committee expressed some question on Monday, June 16, as to whether the reorganization plan would transfer to the Secretary of Labor the power of the Administrator of the Wage and Hour Division to issue administrative rulings which could be relied on under section 10 of the Portal-to-Portal Act of 1947. I have looked into this question, and I find that section 5 (e) of the Reorganization Act of 1945 provides as follows:

"If, since January 1, 1945, Congress has by law established the status of any agency in relation to other agencies or transferred any function to any agency, no reorganization plan shall provide for, and no reorganization under this Act shall have the effect of, changing the status of such agency in relation to other agencies or of abolishing any such transferred function or providing for its exercise by or under the supervision of any other agency."

It is my opinion, on the basis of this section of the Reorganization Act, that approval of Reorganization Plan No. 2, will not have the effect of transferring to the Secretary of Labor the powers of the Administrator of the Wage and Hour Division referred to above. This follows by reason of the fact that section 10 (b) of the Portal-to-Portal Act, which was approved May 14, 1947, specifically designates the Administrator of the Wage and Hour Division of the Department of Labor as the agency authorized to make such administrative rulings.

You are authorized to make this letter a part of the record of the hearings on the reorganization plan.

Yours very truly,

L. B. SCHWELLENBACH, *Secretary of Labor.*

Section 10 of the Portal-to-Portal Act of 1947 provides that good faith reliance upon an administrative ruling by the Administrator shall be available to an employer as a defense. This, in effect, is a grant of rule-making power to the Administrator, since prior to the adoption of that act reliance on his rulings were no defense to an action by an employee in his own behalf. The specific grant of such power to the Administrator in an act of Congress since January 1, 1945, prevents the operation of any reorganization plan to transfer it to another.

The only other argument advanced against this section of the plan is that the functions of the Administrator of the wage-and-hour law should not be performed by one who is required by law to be partisan. This argument loses what force it may have by the fact that the function of making administrative rulings has not been transferred. In all other respects employers as a group have an interest in having their competitors comply with the same wage standards.

COORDINATION OF ADMINISTRATION OF LABOR LAWS ON FEDERAL PUBLIC WORKS CONTRACTS

Section 3 of the plan authorizes the Secretary of Labor to coordinate the administration of the various labor laws applying to employment on Federal public works contracts and to lay down such regulations and standards as may be necessary to assure consistent enforcement of these laws. The laws involved are the 8-hour laws, fixing a maximum 8-hour day for laborers and mechanics on Federal public works projects; the Copeland Act, prohibiting the exaction of rebates or kick-backs from the wages payable to workers on Federal public

works; and the Davis-Bacon Act, which requires contractors on Federal public works to pay at least the prevailing wage rates of the locality. Coordination by the Secretary of Labor should make for more consistent administration and promote the effectiveness of enforcement.

Sections 4 and 5 of the President's Plan No. 2 of 1947 provide for the necessary transfer of records, property, personnel, and funds and establish July 1, 1947, as the effective date.

CONCLUSIONS

In light of the above considerations, it is the view of the committee that all of the proposals offered in Reorganization Plan No. 2 should be accepted and that House Concurrent Resolution 49 should be rejected by the Senate.

MINORITY VIEWS

THE UNITED STATES EMPLOYMENT SERVICE

As pointed out in the majority report, unemployment-compensation functions are presently supervised at the Federal level by the Bureau of Employment Security, under the Federal Security Administrator. The United States Employment Service is now supervised by the Secretary of Labor but will revert to the Federal Security Administrator 6 months after the termination of the war, where, it may be presumed, it will again be merged with the Bureau of Employment Security.

At the State level, both programs are generally administered by the same personnel in the same office and both are concerned with the economic security of the same worker. The Employment Service aids him in securing suitable work, and the Unemployment Insurance Service aids him in securing benefits while finding work.

While Reorganization Plan No. 2 was in preparation, both the Secretary of Labor and the Federal Security Administrator recommended to the Bureau of the Budget that the two services be made subject to coordination by a single department head. Each stressed the interrelation of the services both as to program and administrative problems and stated that duplication of activities and delays in administration might be eliminated under single supervision. They differed only with respect to whether the consolidation should be within the Department of Labor or the Federal Security Agency.

State administrators responsible for the functioning of employment service and unemployment compensation in their respective States are overwhelmingly of the opinion that a single Federal agency administering both employment service and unemployment compensation at the Federal level would greatly facilitate the necessary Federal-State cooperation and otherwise make for a more efficient and economical administration of the Nation's employment security program. The State representatives pointed out that in their local offices the duty of attempting to place an unemployed person in a job and, failing in this, to pay such person the unemployment benefits to which he is entitled is all handled by the same personnel. The Federal budgeting and auditing of their two services are made, however, by both the Federal Security Agency and the Department of Labor.

Any reorganization plan submitted to the Congress by the President should be judged with respect to the expressed purposes of the Reorganization Act:

- (1) To facilitate orderly transition from war to peace;
- (2) To reduce expenditures and promote economy to the fullest extent consistent with the efficient operation of the Government;
- (3) To increase the efficiency of the operations of the Government to the fullest extent practicable within the revenues;

(4) To group, coordinate, and consolidate agencies and functions of the Government, as nearly as may be, according to major purposes;

(5) To reduce the number of agencies by consolidating those having similar functions under a single head, and to abolish such agencies or functions thereof as may not be necessary for the efficient conduct of the Government; and

(6) To eliminate overlapping and duplication of effort.

It appears obvious that every purpose would be best served by consolidation of the two services under one head. The chief argument of the Federal officials urging the permanent transfer of United States Employment Service to the Department of Labor was apprehension that in the Federal Security Agency the job-placement function would be subordinated to the payment of unemployment benefits. The minority agrees that in any consolidation emphasis should, and could, be placed upon the work of the Employment Service.

With reference to section 1 of the plan, the minority is of the opinion that the action proposed is undesirable and should be rejected by the Senate.

FUNCTIONS OF THE ADMINISTRATOR OF THE WAGE AND HOUR DIVISION

The Fair Labor Standards Act of 1938 placed the Wage and Hour Division in the Department of Labor for "housekeeping" purposes. To administer its functions, the office of Administrator was created, to be filled by appointment of the President, with advice and consent of the Senate. The language of the statute and the legislative intent as expressed in the debate on the bill indicate clearly that the Administrator was to exercise his functions in complete independence of the Secretary of Labor.

The President's plan, by its terms, "transfers the functions of the Administrator of the Wage and Hour Division to the Secretary of Labor to be performed subject to his direction and control." The question immediately arises as to whether the plan thereby empowers the Secretary of Labor to delegate any part or all of the functions of the Administrator to anyone he chose and thus, in effect, abolishes the office created by Congress. In a letter to the committee¹ the Secretary of Labor states that, in his opinion, the power to issue administrative rulings will remain in the Administrator. The reasoning of such interpretation is that section 10 of the Portal-to-Portal Act of 1947 established the status of the Administrator in relation to other agencies within the meaning of section 5 (e) of the Reorganization Act of 1945. Section 10 of the Portal-to-Portal Act of 1947 provides that good faith reliance upon an administrative ruling by the Administrator shall be available to an employer as a defense. While it may be argued that such section established the status of the Administrator in relation to other agencies and thus prevents the President's plan from transferring to the Secretary the Administrator's authority to issue administrative rulings, the contrary is equally arguable and, in the opinion of the minority, more logical. The plan creates an ambiguity which cannot be resolved until finally decided in the courts. This is neither practical nor desirable.

¹ See copy of Secretary's letter, set out in the majority report.

Accepting, arguendo, the Secretary's statement that the authority to issue administrative rulings will remain in the Administrator, there is still no protection afforded to the parties affected by those rulings who may later find that they have relied upon the rulings of one unqualified to make them. To approve the plan is, therefore, not only to approve an uncertain and ambiguous law but also to reopen the door to abuses remedied in the Portal-to-Portal Act.

No evidence was presented to the committee to show that administration by an officer independent of the Department of Labor had been unsatisfactory in practice.

The organic act creating the Department of Labor provided in part as follows:

The purpose of the Department of Labor shall be to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment.

To give to the Secretary the function of issuing hundreds of thousands of administrative rulings vitally affecting both employers and employees is to give a power of decision to one required by law to be partisan.

With reference to section 2 of the plan, the minority is of the opinion that the action proposed is undesirable and should be rejected by the Senate.

IRVING M. IVES.
WM. E. JENNER.
FORREST C. DONNELL



Calendar No. 329

80TH CONGRESS
1ST SESSION

H. CON. RES. 49

[Report No. 320]

IN THE SENATE OF THE UNITED STATES

JUNE 11 (legislative day, APRIL 21), 1947

Read twice and referred to the Committee on Labor and Public Welfare

JUNE 20 (legislative day, APRIL 21), 1947

Reported adversely by Mr. BALL and placed on the calendar

CONCURRENT RESOLUTION

1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That the Congress does not favor the Reor-
3 ganization Plan Numbered 2 of May 1, 1947, transmitted
4 to Congress by the President on the 1st day of May 1947.

Passed the House of Representatives June 10, 1947.

Attest:

JOHN ANDREWS,

Clerk.

80TH CONGRESS
1ST SESSION

H. CON. RES. 49

[Report No. 320]

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 2 of May 1, 1947.

JUNE 11 (legislative day, APRIL 21), 1947
Read twice and referred to the Committee on Labor
and Public Welfare

JUNE 20 (legislative day, APRIL 21), 1947
Reported adversely and placed on the calendar

DIGEST OF CONGRESSIONAL PROCEEDINGS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Division of Legislative Reports
(For Department staff only)

Issued July 1, 1947
For actions of June 30, 1947
80th-1st, No. 124

CONTENTS

AAAct.....23,31	Labor, farm.....42	Research.....36
Appropriations.....1,12,14,16,20	Lands.....27	Small business.....17
C.C.O.....40	Lands, grazing.....26	Social security.....42
Claims.....7	Livestock and meat.....1	Soil conservation.....14
Consumer credit.....8	Loans, farm.....14,34	Substantive authority.....24
Crop insurance.....14	Marketing.....12	Sugar.....1
Decentralization.....21	Organization, executive.....11	Taxation.....27
Education.....30	Personnel.....20,22,33,38	Territories and pos- sessions.....3
Electrification.....14,28	Prices.....39	Transportation.....19
Flood control.....10,24,32	Prices, support.....35	Trade, foreign.....2,15,18,24,44
Foreign affairs.....4,5,24	Purchasing.....9,11	War powers.....2,15,44
Health.....37	R.F.C.....41	Wildlife.....25
Housing.....6,11,43	Regional authority.....24	Wool.....35
	Rehabilitation, rural.....13	

HIGHLIGHTS: House passed bill providing funds for foot-and-mouth disease and Sugar Rationing Adm. in July; Reps. Cannon and Dirksen debated "delays" in passing appropriation bills. Sen. Wherry moved to reconsider appropriation-continuation measure previously passed by Senate. House passed and President approved measure to continue export-control, allocations, and priorities powers until July 15, 1947. Senate received budget amendment for peanut quotas. House passed Hawaii statehood bill. Sen. Bushfield opposed "curtailing useful services to the American farmer" through USDA appropriation reductions. Senate disapproved Reorganization Plan 2 (re USES), which would authorize coordination of certain laws on Government contracts. Sens. Flanders and Baldwin introduced and included statement on bill to increase pay of department heads, etc. Sen. Wiley introduced and discussed measure for investigation of possible decentralization of USDA. Rep. Phillips introduced Foreign Agricultural Service bill.

HOUSE

1. APPROPRIATIONS. Passed without amendment H. R. 4031, to provide emergency appropriations for various projects until the regular appropriation bills are passed (pp. 8084-9). Among these items are: Foot-and-mouth disease, \$5,000,000 for July 1947; Sugar Rationing Administration, \$750,000 for July 1947, \$400,000 of which would be available exclusively for terminal leave; and Office of Government Reports, authorization for expenditures at the same rate as 1947 pending passage of the independent offices bill. During the debate Rep. Cannon charged delays in considering the regular appropriation bills, discussing the Legislative-Budget and investigators, and Rep. Dirksen defended the Committee against these charges.
2. WAR POWERS. Passed without amendment S. J. Res. 139, to continue existing export-control, allocations, and priorities powers until July 15, 1947 (pp. 8066-7). This measure later approved by the President.
3. HAWAII STATEHOOD. Passed as reported H. R. 49, to provide for statehood for Hawaii (pp. 8077-84, 8089-102).
4. FOREIGN RELIEF. Both Houses adopted a concurrent resolution "correcting certain clerical errors" in S. J. Res. 77, to provide for U. S. participation in the International Refugee Organization (pp. 8066, 8017).

5. FOREIGN RELIEF. Passed without amendment S. J. Res. 124, to authorize appropriation of \$2,370,000 of unobligated UNRRA appropriations to provide for necessary administrative expenses of U. S. departments and agencies incident to UNRRA liquidation (p. 8102). This measure will now be sent to the President.
6. HOUSING. Both Houses received the President's message announcing signature of, but objecting to, H. R. 3203, the rent-control bill (pp. 8075-7, 8064).
7. CLAIMS. The Judiciary Committee reported with amendments H. R. 3690, to amend the Federal Tort Claims Act regarding death statutes and decisions in Ala. and Mass. (H. Rept. 748).
This Committee also reported with amendment H. R. 1810, to permit certain bankruptcy referees to prosecute claims against the Government before the courts and the executive departments and agencies (H. Rept. 747) (p. 8125).
8. CREDIT CONTROLS. The Banking and Currency Committee reported without amendment H. J. Res. 222, terminating consumer credit controls (H. Rept. 746) (p. 8125).
9. PURCHASING. Rep. Foote, Conn., criticized the provision in the Treasury-Post Office appropriation bill limiting prices which Government agencies can pay for typewriters (p. 8067).
10. FLOOD CONTROL. Reps. Rankin, Jones of Ala., and McCornack discussed this program under the War Department (pp. 8072-3).

SENATE

11. REORGANIZATION. Agreed, 42-40, to H. Con. Res. 40, disapproving Reorganization Plan No. 2, which authorizes coordination of certain laws relating to Government contracts (pp. 8017-35).
The Banking and Currency Committee reported adversely S. Con. Res. 51, against adoption of Reorganization Plan 3, relating to housing (p. 8037).
12. PEANUT QUOTAS; APPROPRIATIONS. Received from the President a budget amendment for 1948 in the amount of \$2,500,000 for administrative expenses in connection with the peanut marketing quota program (S. Doc. 71). To Appropriations Committee. (p. 8035.)
13. RURAL REHABILITATION. Received from this Department proposed legislation to provide for liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations. To Agriculture and Forestry Committee. (p. 8036.)
14. APPROPRIATIONS. Sen. Bushfield, S. Dak., opposed "curtailing useful services to the American farmer" through USDA appropriation reductions, referring particularly to those for SCS, REA, crop insurance, FHA, and ARA irrigation programs (pp. 8041-6).
Sen. Wherry, Mo., entered a motion to reconsider the vote on S. J. Res. 140, the appropriation-continuation measure previously passed by the Senate (p. 8041).
15. WAR POWERS; EXPORT CONTROL. Continued debate on S. 1461, to extend title III of the Second War Powers Act and the Export-Control Act, and made it the unfinished business (p. 8041).
16. STATE, JUSTICE, COMMERCE, AND JUDICIARY APPROPRIATION BILL, 1948. Began debate on this bill, H. R. 3311 (pp. 8046-63). Agreed to the committee amendments. Most of the debate concerned the State Department's foreign information program.



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 80th CONGRESS, FIRST SESSION

Vol. 93

WASHINGTON, MONDAY, JUNE 30, 1947

No. 124

Senate

(Legislative day of Monday, April 21, 1947)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

Lord Jesus, we know of no better way to begin the work of another week than by rededicating our lives to Thee, resolving to trust Thee and to obey Thee and to do our very best to serve Thee by serving our fellow men. In these days that call for understanding, for mercy, for the salvation of men's souls and the healing of their bodies, may we have Thy spirit that we may work to that end, for Thou art the Saviour of the world, and we have no hope apart from Thee.

Hear our prayer for Thy mercy's sake. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Friday, June 27, 1947, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following act and joint resolution:

On June 27, 1947:

S. 751. An act to continue a system of nurseries and nursery schools for the day care of school-age and under-school-age children in the District of Columbia through June 30, 1948, and for other purposes.

On June 28, 1947:

S. J. Res. 125. Joint resolution to strengthen the common defense and to meet industrial needs for tin by providing for the maintenance of a domestic tin-smelting industry.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED DURING RECESS

Under the order of the Senate of the 27th instant.

The PRESIDENT pro tempore announced that he had signed the following enrolled bills and joint resolution, which had previously been signed by the Speaker of the House of Representatives:

S. 350. An act to continue the Commodity Credit Corporation as an agency of the United States until June 30, 1948;

S. 1072. An act to extend until July 1, 1949, the period during which income from agricultural labor and nursing services may be disregarded by the States in making old-age assistance payments without prejudicing their rights to grants-in-aid under the Social Security Act;

H. R. 775. An act for the establishment of the Commission on Organization of the Executive Branch of the Government.

H. R. 2436. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1948, and for other purposes;

H. R. 3611. An act to fix and regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia, and for other purposes; and

S. J. Res. 135. Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation.

INTERNATIONAL REFUGEE ORGANIZATION

The PRESIDENT pro tempore. The Chair wishes to call the attention of the Senate to the fact that when Senate Joint Resolution 77, providing for membership and participation by the United States in the International Refugee Organization and authorizing an appropriation therefor, was approved by the Senate on Friday, the House text, which was agreed to, identified the beginning of the next fiscal year as "June 30, 1947." Obviously this was an error, and it is necessary to change the reference from "June 30, 1947" to "July 1, 1947." Inasmuch as the legislation must be concluded today, with the indulgence of the Senate, the Senator from Michigan asks for the present consideration of Senate Concurrent Resolution 21 to make the correction.

There being no objection, the concurrent resolution (S. Con. Res. 21) was read, considered, and agreed to, as follows:

CONCURRENT RESOLUTION

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby, authorized and directed, in the enrollment of the joint resolution (S. J. Res. 77) providing for mem-

bership and participation by the United States in the International Refugee Organization and authorizing an appropriation therefor, to make the following changes in the House engrossed amendment, namely: On page 3 of said engrossed amendment, in the phrase "for the fiscal year beginning June 30, 1947," where it occurs in subsections (a) and (b) of section 8, strike out "June 30" and in lieu thereof insert "July 1."

LEAVE OF ABSENCE

Mr. BARKLEY. Mr. President, at the request of the Senator from Georgia [Mr. GEORGE], who is necessarily absent from the city during this entire week, I ask unanimous consent that he be excused from attendance upon the Senate during that time.

The PRESIDENT pro tempore. Without objection, the order is made.

REORGANIZATION PLAN NO. 2 OF 1947

Mr. TAFT. Mr. President, in accordance with section 205 of the Reorganization Act of 1945, I move that the Senate now proceed to the consideration of House Concurrent Resolution 49, dealing with Reorganization Plan No. 2.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Ohio.

The motion was agreed to, and the Senate proceeded to consider the concurrent resolution (H. Con. Res. 49), which was read, as follows:

Resolved, etc., That the Congress does not favor the Reorganization Plan No. 2 of May 1, 1947, transmitted to Congress by the President on the 1st day of May 1947.

Mr. TAFT. Mr. President, I move that the time of debate provided by section 205 of the Reorganization Act of 1945 be further limited to 3 hours, that the time between now and 2 o'clock be divided equally between those who favor and those who oppose the concurrent resolution, the time to be controlled by the Senator from Minnesota [Mr. BALL] and the Senator from Missouri [Mr. DONNELL], and that the Senate proceed to vote at 2 o'clock on the concurrent resolution.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Ohio.

The motion was agreed to.

Mr. TAFT. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hickenlooper	O'Connor
Ball	Hill	O'Daniel
Barkley	Hoey	O'Mahoney
Bricker	Holland	Overton
Brooks	Ives	Pepper
Buck	Jenner	Reed
Bushfield	Johnson, Colo.	Revercomb
Butler	Johnston, S. C.	Robertson, Va.
Byrd	Kilgore	Robertson, Wyo.
Capper	Knowland	Russell
Chavez	Langer	Saltonstall
Connally	Lodge	Smith
Cooper	Lucas	Sparkman
Cordon	McCarran	Stewart
Donnell	McCarthy	Taft
Downey	McClellan	Taylor
Dworshak	McFarland	Thomas, Okla.
Eastland	McGrath	Tydings
Eaton	McKellar	Umstead
Ellender	McMahon	Vandenberg
Ferguson	Magnuson	Watkins
Flanders	Malone	Wherry
Fulbright	Martin	White
Green	Millikin	Wiley
Gurney	Moore	Williams
Hatch	Morse	Wilson
Hawkes	Murray	Young
Hayden	Myers	

Mr. WHERRY. I announce that the Senator from Washington [Mr. CAIN] and the Senator from Minnesota [Mr. THYE] are absent by leave of the Senate on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. CAPEHART], and the Senator from Maine [Mr. BREWSTER] are necessarily absent.

The Senator from Missouri [Mr. KEM] is absent by leave of the Senate.

The Senator from Connecticut [Mr. BALDWIN] is absent on official business.

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness in his family.

Mr. LUCAS. I announce that the Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from South Carolina [Mr. MAYBANK] is absent on public business.

The Senator from Utah [Mr. THOMAS] is absent by leave of the Senate, having been appointed a delegate to the International Labor Conference at Geneva, Switzerland.

The Senator from New York [Mr. WAGNER] is absent because of illness.

The PRESIDENT pro tempore. Eighty-three Senators having answered to their names, a quorum is present.

The time from now until 2 o'clock is to be divided equally between the proponents and the opponents of House Concurrent Resolution 49. The time is in control of the Senator from Missouri [Mr. DONNELL] and the Senator from Minnesota [Mr. BALL]. The Senator from Missouri is recognized.

Mr. DONNELL. Mr. President, may I inquire how many minutes are allotted to each side?

The PRESIDENT pro tempore. Seventy-seven minutes to a side.

Mr. DONNELL. I yield to myself 45 minutes.

The PRESIDENT pro tempore. The Senator from Missouri is recognized for 45 minutes.

Mr. DONNELL. Mr. President, the matter now before the Senate is Con-

current Resolution No. 49, by the terms of which resolution the Congress does not favor the Reorganization Plan No. 2 of May 1, 1947, transmitted to Congress by the President on the first day of May 1947.

I rise, Mr. President, in support of the concurrent resolution, and thereby oppose the Reorganization Plan No. 2. My opposition to the reorganization plan is based upon the contents of section 1 and section 2 of that plan. The majority of the Committee on Labor and Public Welfare has submitted a report opposed to the concurrent resolution, that is to say, in favor of the plan. The minority views in favor of the concurrent resolution, and thereby in opposition to the plan, are set forth in a statement which has been filed by the junior Senator from New York [Mr. IVES], the junior Senator from Indiana [Mr. JENNER], and myself. I shall discuss in order section 1 and section 2 of the proposed reorganization plan.

Section 1 of the plan permanently transfers to the Department of Labor the United States Employment Service. The opening sentence of that section reads:

The United States Employment Service is transferred to the Department of Labor.

The President's message of May 1, 1947, contains within it this sentence:

The plan permanently transfers to the Department of Labor the United States Employment Service, which is now in the Department by temporary transfer under authority of title I of the First War Powers Act.

In considering the advisability of the transfer which the President's plan would thus effect it is to be observed that under the presently existing law the United States Employment Service, abbreviated as USES, is, upon termination of title I of the First War Powers Act, to be returned to the Social Security Board in the Federal Security Agency. I think it of importance to quote at this moment a brief historical statement given by the Secretary of Labor in the hearings before the Subcommittee of the Senate Committee on Labor and Public Welfare recently. He said this:

The United States Employment Service was created in the Department of Labor by Congress in its act of June 6, 1933. It remained in the Department for 6 years, when it was transferred to the Federal Security Agency by the reorganization plan of July 1939. It remained there until September 1942, when it was transferred to the War Manpower Commission by Presidential order. The Service was returned to the Department of Labor 21 months ago by an Executive order issued September 19, 1945.

Continuing, the Secretary said:

To continue the present location of the Service in the Department of Labor, it is necessary that the President's plan take effect.

The President's order of September, 19, 1945, transferring the Service to the Department was issued under the First War Powers Act, which provides that all transfers of Government functions accomplished under that act became ineffective 6 months after the termination of the war. Thus, if the plan is disapproved, the Service will revert to the Federal Security Agency on the termination of the First War Powers Act.

My objection to section 1 of the Reorganization Plan No. 2 is that it separates

the United States Employment Service and the unemployment compensation functions. First, as has been observed, and as the President says, it permanently fixes the United States Employment Service in the Department of Labor—of course, subject to later congressional action; but so far as this plan is concerned, it fixes the United States Employment Service in the Department of Labor. On the other hand, the unemployment compensation functions of the Federal Government are left where they now are, in the Federal Security Agency. It thus results that if the reorganization plan shall be adopted, there will be a separation, clear, well-defined, certain, and definite, of the United States Employment Service in the Department of Labor and of the unemployment compensation functions of the Government in the Federal Security Agency.

The basis of my opposition to section 1 of the reorganization plan is that important functions of the United States Employment Service and those of unemployment compensation are interrelated, and that the functions of both should be in one department. This interrelationship arises from a very simple fact, namely, that under State unemployment compensation laws a person seeking work but unable to get it draws unemployment compensation, and the State employment service seeks to obtain employment for that person. By success in so doing it may hold down the outlay for unemployment compensation. Obviously these two functions—on the one hand, furnishing employment to those who seek it and cannot get it, thereby keeping down to a minimum the obligation to pay compensation, and on the other hand furnishing compensation to those who seek work but are unable to get it—are closely interrelated.

Mr. HAWKES. Mr. President, will the Senator yield?

Mr. DONNELL. I yield.

Mr. HAWKES. I find myself very much in accord with the reasoning of the Senator from Missouri. It seems to me that the plan he is discussing not only would add to efficiency and economy but would enable the agencies to prevent fraud, which is one of the things we must do if we are to make this an efficient service in the interest of those who are actually entitled to help under the law and should be helped. I happen to know that in New Jersey certain persons drawing unemployment compensation have been calling on the USES agency to find out whether they can get a job, but they frequently refused a job when offered it and thereby they were kept on unemployment insurance. I think the Senator's reasoning, from the standpoint of efficiency for the administration of the law and in the interest of those who need its help, is extremely sound.

Mr. DONNELL. I very much appreciate the observation of the Senator from New Jersey.

At this point I should like to mention an argument which is stressed on the other side, so that we may have the full facts before us. I invite attention to the point made by Mr. Robert C. Goodwin,

Director of the United States Employment Service. When testifying on June 16 of this year before the Subcommittee on Labor of the Senate Committee on Labor and Public Welfare, he said:

While the unemployment compensation program is concerned only with specified employers and workers who are subject to unemployment compensation laws and have developed an insured status, the Employment Service program is concerned with assisting all employers and all workers without regard to their insurance status.

Continuing, Mr. Goodwin said:

Our total labor force now approximates 60,000,000 people of which about 25,000,000 are not subject to unemployment compensation. The Employment Service is available to assist the youth entering the laboring market for the first time, veterans who may have had no prior work experience, or whose work experience may not have been in insured employment, and millions not subject to employment compensation covered, such as agriculture, domestic service, government, and so on.

I think Mr. Goodwin has there summarized the most effective argument in favor of a separation of these particular functions, because of the fact that the Employment Service concerns itself not alone with employment of persons who are entitled to unemployment compensation. I invite attention, however, to the fact that according to Mr. Goodwin's own statement only 25,000,000 of the total number of approximately 60,000,000 persons constituting the entire labor force are not subject to unemployment compensation. So obviously the great majority of the workers are directly concerned with the compensation service; and to my mind his argument is greatly weakened in view of the preponderance of those who are so concerned.

This is a question upon which I think some expert evidence is of importance, because it is very difficult for any one of us who is not closely in touch with this work to know whether or not the most efficient service can be secured by the consolidation of the employment and unemployment-compensation functions into one department. So I submit a few expert witnesses upon this problem.

I submit, first, that both the Secretary of Labor and the Federal Security Administrator, who are the respective heads of the two departments into which these functions would be separated under the President's reorganization plan, have definitely expressed themselves in favor of combining the two sets of functions in one agency.

For approximately 7 years, over various periods, the Department of Labor has administered the Employment Service. Therefore the Secretary of Labor should have some knowledge as to whether or not a combination or separation is proper. He has expressed himself clearly—and I shall quote from him in a moment—in favor of a combination of the functions. However, he favors that combination in the Department of Labor.

On the other hand, the Federal Security Administrator, who is the head of the Federal Security Agency, is thoroughly familiar with the subject of unemployment compensation, because that

Agency has administered unemployment compensation for about 11 years. Mr. Watson Miller, the head of the Federal Security Agency, like the Secretary of Labor, favors combination of the two functions, the Employment Service and the unemployment-compensation function, under one department. But Mr. Miller, the head of the Federal Security Agency, favors consolidation in the Federal Security Agency.

So we have the situation that the heads of the respective departments are undeniably on record in favor of combination, although each favors the combination in his own department. Referring to the point so well made a few moments ago by the distinguished Senator from New Jersey [Mr. HAWKES], I desire to quote from a letter of January 6 of this year from Secretary of Labor Schwellenbach to Mr. Webb, Director of the Bureau of the Budget:

In addition to the substantive administrative relationship of the Employment Service and the unemployment compensation system, there are significant administrative relationships arising out of the fact that they are Federal-State programs.

Both programs are Federal grant-in-aid programs involving continuous State relations problems. At the State level, in virtually every case, both programs are administered by a single State agency.

I pause here, Mr. President, to emphasize the fact that the Secretary of Labor himself says that at a State level, in virtually every State, both programs are administered by a single State agency.

I continue with his observations:

Thus, in virtually every State, a single State merit system, single fiscal arrangements, a single research and statistics unit, a single public information unit, and a single business management unit serves both programs. At the Federal level at present two independent Federal departments prescribe, interpret, and administer independent requirements with respect to those and the host of other items involved in a Federal-State cooperative program.

The attention of the distinguished Senator from New Jersey is called to this statement:

There can be no justification for the imposition of inconsistent Federal requirements upon a single State agency with respect to a single State activity. Equally, there can be no justification for failing to achieve the economy and efficiency in operations which could be effected if both programs had common administrative direction under a single Federal department.

This, Mr. President is in exact consonance and accord with the views suggested by the Senator from New Jersey.

Continuing, the Secretary says:

At present the two Federal departments must and do exert continuing efforts to maintain uniform requirements and consistency in their application. But irrespective of such efforts, perfect coordination cannot be maintained. Differences are inevitable, not only as between headquarters personnel, but even more between field personnel of the two agencies in the application of their respective headquarters instructions. Thus a single State agency deals with two Federal departments with respect to numerous identical subjects. The State agency is frequently the first to learn of differences of views or requirements on the part of the two Federal agencies.

With respect to the organization and administration of the executive branch of the Federal Government, the location of the two programs in independent Federal departments and the efforts of those two departments to maintain the necessary consistency means duplication in their activities, delays in administration, and the use of personnel for liaison and coordination work, all of which could be eliminated if the two functions were vested in separate bureaus in the Department of Labor and thereby became subject to coordination by a single department head. In the absence of such coordination, the two independent departments are required to look to the President for the resolution of their basic differences.

So, Mr. President, as I have indicated, the Secretary of Labor, who now comes in through this reorganization plan, by his testimony in support thereof, and advocates the transfer of the United States Employment Service to the Department of Labor, thus producing a separation of functions into two separate departments, is clearly on record, on January 6 of this year, in favor of consolidation, and he favors it in his own department.

I shall take but a moment to mention the testimony of Mr. Watson Miller, whose testimony before our committee will be found on page 42, in which he said:

It is a matter of record that on December 4, 1946, I recommended to the Bureau of the Budget that the United States Employment Service be returned to the Federal Security Agency. This reflected the experienced and conscientious view of our agency.

The interrogation of Mr. Miller on page 43 is as follows:

Question. Well, your view is, as a matter of fact, Mr. Miller, is it not, that the best service can be rendered by having both Employment Service and the Unemployment Compensation Service in one department of the United States Government?

Mr. MILLER. It is, sir; and whatever action the Congress may take will be approached by us with adult minds.

Question. Whereas the reorganization plan proposes the separation of the two functions, you in your own judgment believe that more efficient operation would occur where the two were combined into one department?

Mr. MILLER. That is true, irrespective where they may be combined.

So, Mr. President, these two expert witnesses upon the problem, the heads of those two branches of our Government, unite in their strong, vigorous testimony, in favor of the desirability and importance of union rather than separation.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DONNELL. I yield.

Mr. SALTONSTALL. Following out the thought which the Senator has just expressed as to putting both of these agencies in one department of the Federal Government, is it possible at the present time, in the Senator's opinion, to place the Unemployment Compensation end of the job in the Department of Labor?

Mr. DONNELL. I have no evidence in support of the proposition that it can be done. To my mind, it would be a very great experiment which would be fraught with very considerable and difficult problems. There is no affirmative

evidence in favor of placing it in the Department of Labor, so far as I know.

Mr. SALTONSTALL. So that if we are going to put both of these parts of the Employment Service in one place—to get jobs for applicants or to supply them with money if they do not find jobs—it must be in the Social Security Department rather than in the Department of Labor?

Mr. DONNELL. It would seem that way to me, so far as the evidence before our committee is concerned.

Mr. SALTONSTALL. Is it not also true that all the funds that are subscribed by industry and by the workers out of their wages go into the Social Security fund?

Mr. DONNELL. That is correct.

Mr. SALTONSTALL. The fund is organized and run by the Social Security Department of the Federal Government?

Mr. DONNELL. That is correct. I thank the Senator from Massachusetts.

Mr. HAWKES. Mr. President, will the Senator further yield?

Mr. DONNELL. I yield to the Senator from New Jersey.

Mr. HAWKES. Can the Senator explain for my benefit, and possibly for the benefit of some others, what is the argument for taking it out of Social Security and putting it into the Labor Department, when the fact remains that the Social Security Department has to administer the relief given to persons? A man says he needs a job and he cannot get one, and the Government, through these agencies, is trying to get him a job. We say to him, "If you cannot get a job, and we cannot get you one, then you can take advantage of the law and be compensated through unemployment compensation." The funds are all given to the same agency. What reason does the President give as to why this should be changed from that agency to the other one?

Mr. DONNELL. Mr. President, the only reason that I observe in his statement—and I quote from the message of May 1—is as follows:

The provision of a system of public employment offices is directly related to the major purpose of the Department of Labor. Through the activities of the employment office system the Government has a wide and continuous relationship with workers and employers concerning the basic question of employment. To a rapidly increasing degree, the employment office system has become the central exchange for workers and jobs and the primary national source of information on labor-market conditions. In the calendar year 1946 it filled 7,140,000 jobs, and millions of workers used its counsel on employment opportunities and on the choice of occupations.

The Labor Department obviously should continue to play a leading role in the development of the labor market and to participate in the most basic of all labor activities—assisting workers to get jobs and employers to obtain labor. Policies and operations of the Employment Service must be determined in relation to over-all labor standards, labor statistics, labor training, and labor law—on all of which the Labor Department is the center of specialized knowledge in the Government. Accordingly, the reorganization plan transfers the United States Employment Service to the Department of Labor.

That is the President's position in the matter.

Mr. HAWKES. I thank the Senator for giving me that information.

The Governor of our State has written me a letter in which he clearly states that in his opinion efficiency and economy will be best served by keeping the operation in the Social Security Administration, and unifying action through the State agency.

Mr. DONNELL. I thank the Senator from New Jersey.

Mr. SALTONSTALL. Mr. President, will the Senator yield further?

Mr. DONNELL. I yield.

Mr. SALTONSTALL. The Senator was Governor of Missouri for a number of years. Did he not find that one of the great difficulties he had during the war years, and after the employment agencies were taken over by the Federal Government, was the problem of working out the administration of the State agency with the Federal Government?

Mr. DONNELL. I think difficulties along that line were experienced in many of the States, including my own.

Mr. SALTONSTALL. And working with one department—Social Security—the State social-security agencies, particularly in the employment field, gradually improved their service, and were really providing good employment services and were functioning well in that respect.

Mr. DONNELL. I think the Senator is correct.

Mr. SALTONSTALL. If there are two Federal agencies, it will mean that one State agency will have to get its administrative funds from the two Federal agencies.

Mr. DONNELL. That is correct.

Mr. President, I now refer to a third witness, Mr. Stanley Rector, president of the Interstate Conference of Employment Security Agencies, a gentleman who, I think, is thoroughly informed upon these matters. He testified at length before our subcommittee, and he furnished a most interesting and informative memorandum in support of his views.

He pointed out the following facts:

After announcement of the Reorganization Plan No. 2, all top State administrators were given an opportunity to afford an estimate of the soundness of the proposal and to indicate whether the State agencies should (a) support the proposal, (b) oppose the proposal, or (c) remain neutral. Forty-two State administrators—

Forty-two out of the forty-eight, Mr. President—

stated that the Federal administration of unemployment compensation and employment service should be in a single Federal department. Of this 42, 35 expressed the further opinion that the consolidation should be effected in the Federal Security Agency. One was of the opinion that consolidation should be in the Department of Labor. Six, while maintaining that proper administration required one Federal agency, expressed no opinion as to what Federal agency this should be. Six desired to assume an official neutral position. In summary, 42 States favored administration by a single Federal agency, and not a single State expressed a preference for administration of

unemployment compensation and employment service by separate Federal agencies.

Mr. President, 47 of the 48 States, Mr. Rector has pointed out, have placed the Employment Service and the unemployment compensation functions under a single State authority. Of course, that conforms with what Secretary Schwelmbach said, as I previously quoted him—

At the State level, in virtually every case both programs are administered by a single State agency.

Mr. President, it is of significance to observe that in the Social Security Act itself it is provided that all unemployment benefit payments must be made through public employment offices or such other agencies as the Commissioner for Social Security shall approve. It is further significant that he has not approved any other agency through which such payments shall be made. Obviously, the Social Security Act itself recognizes the fact that at the State level there should be a union of functions in one agency.

The Senator from Massachusetts has indicated the confusion which arises when two different Federal authorities must be consulted by the State agency. Mr. Rector testified at considerable length in regard to those facts. He pointed out that two budgets must be submitted by the State agency, one to each of the two Federal departments or agencies. Labor and expense are involved, he pointed out, in breaking down personnel and other cost items into employment-service and unemployment-compensation categories. He pointed out that where the local government is dealing with two separate agencies of the Federal Government, an audit is made by each of the two Federal agencies, and there are other fiscal controls which are imposed by the two separate agencies, thus leading to confusion and duplication among the State agencies.

I call attention to the fact that Mr. Rector mentioned the anomalous situation which has arisen, as follows:

A number of the States find themselves in the anomalous position of having more than sufficient funds to operate a part of their agency and an insufficient amount of funds to operate the other interdependent part.

He further said:

Since funds were separately granted to State agencies for the performance of their ES and VC functions many State agencies have found themselves "starved" on one side and "fat" on the other, with consequent unbalanced operations.

Mr. Rector pointed out that—

Merit system standards, salary schedules, sums for salary increases, etc., should, in the nature of things, be under the surveillance of one Federal authority.

Mr. President, if two Federal departments are severally administering the employment service and unemployment compensation functions in the Federal province, it is logical to conclude, as does Mr. Rector, that each will regard its own jurisdiction as the more important.

Mr. Rector concluded as to this phase of the subject with the following language:

The translation of these contrasting views in terms of grants, rules and regulations, management procedures, etc., can be of no possible benefit to the over-all program.

In connection with this phase of the matter I wish to call attention to a further expression by a witness, a very distinguished witness. From 1936 to 1939 the Social Security Board administered the Federal functions in unemployment compensation and the Department of Labor administered the Federal functions in connection with the employment service only, which is just what this reorganization plan proposes. The result was that friction developed, and further, that in December 1938 the State administrators requested Congress to bring about the unification of unemployment compensation and employment service functions in the Federal province. The result was that the Social Security Board, as I have already indicated, in 1939 recommended to Congress the coordination of the unemployment compensation and employment service activities.

In the first reorganization plan of 1939, President Roosevelt provided for the consolidation of the unemployment compensation and employment service functions in the Social Security Board. His message upon this subject reads as clearly and as concisely as it is possible to state the matter:

The Social Security Board is placed under the Federal Security Agency, and at the same time the United States Employment Service is transferred from the Department of Labor and consolidated with the unemployment-compensation functions of the Social Security Board in order that their similar and related functions of social and economic security may be placed under a single head and their internal operations simplified and integrated.

He further said:

The unemployment-compensation functions of the Social Security Board and the employment service of the Department of Labor are concerned with the same problem, that of the employment, or the unemployment, of the individual worker. Therefore, they deal necessarily with the same individual. These particular services to the particular individual also are bound up with the public-assistance activities of the Social Security Board. Not only will these similar functions be more efficiently and economically administered at the Federal level by such grouping and consolidation, but this transfer and merger also will be to the advantage of the administration of State social-security programs and result in considerable saving of money in the administrative costs of the governments of the 48 States, as well as those of the United States.

Concluding, the President said:

In addition to this saving of money there will be a considerable saving of time and energy not only on the part of administrative officials concerned with this program in both Federal and State Governments, but also on the part of employers and workers, permitting through the simplification of procedures a reduction in the number of reports required and the elimination of unnecessary duplication in contacts with workers and with employers.

Mr. President, in view of the testimony of these witnesses, the Secretary of

Labor, the head of the Federal Security Administration, the President of the United States, Mr. Stanley Rector, the head of the State authorities upon these matters, I submit that it is the height of unwisdom to do what these various witnesses have so clearly indicated should not be done, namely, separate these functions into different jurisdictions. They should be combined, and for that reason I oppose Reorganization Plan No. 2, because of the contents of section 1.

Mr. President, there is a second reason why I oppose the plan, namely, because of the contents of section 2. I call to the attention of the Senate these words in that section, which constitute the section:

The functions vested in the Administrator of the Wage and Hour Division of the Department of Labor by the Fair Labor Standards Act of 1938 (52 Stat. 1060, ch. 676), as amended, are transferred to the Secretary of Labor and shall be performed by the Secretary or, subject to his direction and control, by such officers and agencies of the Department of Labor as the Secretary may designate.

Mr. President, there are two reasons why the contents of this section 2 are, in my opinion, objectionable. Those reasons are, first, that the section vests, in a department required by law to be a fiduciary for labor, functions which, because they involve the making of decisions and rulings affecting both management and labor, should be vested in an agency independent of either.

The second reason why I oppose section 2 is that it creates a condition of harmful uncertainty in view of the contents of section 10 of the Portal-to-Portal Act of 1947.

As to the first point, namely, that section 2 vests, in a department required by law to be a fiduciary for labor, functions which, because they involve the making of decisions and rulings affecting both management and labor, should be vested in an agency independent of either.

I need not emphasize the fact that the law which creates the Department of Labor prescribes as its purpose, in part, the following:

The purpose of the Department of Labor shall be to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment.

I need not emphasize the fact that the rulings of the Wage and Hour Administrator refer not alone to the welfare of the laborers, but to the welfare of the employers—management—as well as labor.

Mr. President, the Fair Labor Standards Act recognizes the importance of having these functions vested in an independent agency, namely, the Wage and Hour Administrator, appointed by the President, confirmed by the Senate, making reports to Congress, and, as the Secretary of Labor testified, the Wage and Hour Administrator is placed in the Department of Labor under existing law only for "housekeeping purposes."

Mr. President, there is no showing of inefficiency in the Wage and Hour Administrator. There is no affirmative reason of any consequence shown why there should be a change in the location

of the Wage and Hour Administration from an independent agency, as it is today under the statute providing fair-labor-standards provisions, into a mere subsidiary division under the Department of Labor.

Mr. President, I said not only that section 2 of the reorganization bill vests in the Department required by law to be a fiduciary for labor functions, which should be vested in an agency independent of either labor or management, but I raised also a second point of opposition to section 2, namely, the fact that the section creates a condition of harmful uncertainty in view of the contents of section 10 of the Portal-to-Portal Act of 1947.

Mr. President, I call to the attention of the Senate the contents of a portion of the Portal-to-Portal Act of 1947, namely, section 10 of the act, which provides that—

In any action or proceeding based on any act or omission on or after the date of the enactment of this act, no employer shall be subject to any liability or punishment * * * if he pleads and proves that the act or omission complained of was in good faith in conformity with and in reliance on any written administrative regulation, order, ruling, approval, or interpretation, of—

Now quoting from subdivision (b) of the section:

* * * The Administrator of the Wage and Hour Division of the Department of Labor.

Mr. President, section 2 of the plan undertakes, according to its language, to transfer the functions of the Administrator of the Wage and Hour Division to the Secretary of Labor. The language is crystal clear, for it says:

The functions vested in the Administrator of the Wage and Hour Division of the Department of Labor by the Fair Labor Standards Act of 1938, as amended, are transferred to the Secretary of Labor—

And so forth.

If it does bring about this transfer, there arises uncertainty as to whether there will hereafter be any officer on whose rulings, practice, or policy with respect to the Fair Labor Standards Act a person may rely under section 10 of the Portal-to-Portal Act of 1947.

Mr. President, the officer on whose rulings persons are, by said section of the Portal-to-Portal Act, entitled to rely, namely, the Wage and Hour Administrator, would if this transfer were effected, as the Reorganization Plan purports to effect it, no longer have any functions, therefore no longer have power to make rulings, and it is therefore entirely possible that rulings when made by the Secretary of Labor will not, by section 10 of the Portal-to-Portal Act, be entitled to be relied upon by anyone, because it is by the Portal-to-Portal Act of 1947 only the Wage and Hour Administrator himself whose rulings as to the Fair Labor Standards Act can be relied on.

Mr. President, we find, however, that, curiously enough, the Secretary of Labor, one day after the conclusion of the hearings, raised a point which obviously had never previously occurred to him. That point he inserted in a letter, which

is cited and quoted in full in the report of the majority. It says that in the opinion of the Secretary of Labor section 2 does not produce the transfer to the Secretary of Labor of the power to make rulings which may be relied upon under section 10 of the Portal-to-Portal Act of 1947.

In the first place, Mr. President, if it does not produce that result, section 2 is meaningless as to these particular functions, because the section says that it does produce that transfer. In the second place, it is significant to observe that neither the Secretary of Labor nor the head of the Budget Bureau, nor the Undersecretary of Labor, nor Mr. Goodwin, of the Employment Service, had ever thought of this point until after the conclusion of the hearings to which I have referred.

Now, Mr. President, what is the situation, if Mr. Schwellenbach is correct that there is no transfer of functions by section 2 of the plan, no transfer of the functions that are referred to under section 10 of the Portal-to-Portal Act of 1947? Obviously, inasmuch as section 2 of the plan prescribes that there shall be a transfer, there is an obvious source of uncertainty created by the very suggestion made by the Secretary of Labor that no such transfer would occur. On the one hand, we have the provisions of the plan itself, providing for the transfer.

I yield myself 5 minutes more, Mr. President.

The PRESIDENT pro tempore. The Senator is recognized for five additional minutes.

Mr. DONNELL. On the other hand, Mr. President, we have his opinion expressed to our subcommittee after the conclusion of the hearings—and, incidentally, backed up by an opinion which I had seen only a little while before starting this argument this morning; backed up by an opinion of the Solicitor of the Department of Labor, concurred in by the Assistant Solicitor General, Mr. Washington—we have this opinion of the Secretary of Labor to the effect that no transfer of the functions under the Portal-to-Portal Act will occur.

What is the effect? Obviously, a tremendous uncertainty is created under the Portal-to-Portal Act of 1947. This uncertainty is apparent from a simple illustration. While Mr. Schwellenbach is in office, it is to be assumed from his letter of June 18 that rulings on the Fair Labor Standards Act will continue to be made by the Wage and Hour Administrator, and that they will not be made by a delegation of power from the Secretary of Labor. This follows from the fact that the Secretary says the power to make the rulings will not be transferred to the Secretary of Labor, and consequently they will remain, according to his contention, in the Wage and Hour Administrator. Now, suppose that an employer relies on one of the rulings of the Wage and Hour Administrator which holds him to be exempt from the wage-and-hour law, and that later on the employer is sued by his employees on the ground that he is not exempt. The employer defends on the ground that he relied in good faith on and acted in

conformity with said ruling of the Wage and Hour Administrator; to which the employees respond that by the terms of the reorganization plan, the power to make the rulings has been, as it says on its face, transferred to the Secretary of Labor; and that consequently the Wage and Hour Administrator no longer has power to make the ruling which was relied upon.

Clearly, Mr. President, until the question of whether the Wage and Hour Administrator yet possesses the power to make these rulings shall have been determined by the Supreme Court of the United States, the employer who relies on a ruling of the Wage and Hour Administrator does so at his own peril.

It was one of the purposes of the Portal-to-Portal Act of 1947 to remove uncertainty and to give to employers the right to know that they could rely upon the ruling of the Wage and Hour Administrator; yet we are asked here to adopt a plan which says in one breath that there is a transfer of functions out of the Wage and Hour Administrator to the Secretary of Labor, and on the other hand, the plan is clouded with uncertainty because of the ruling of the Secretary of Labor that this plan, as to section 2, does not effect what it says. Obviously, Mr. President, if we adopt Reorganization Plan No. 2, the certainty of being protected by reliance in good faith on and action in conformity with a ruling, which certainty was produced by the Portal-to-Portal Act of 1947, will have been displaced by uncertainty, which only litigation long extended through the Supreme Court of the United States can remove.

Mr. President, I close these remarks by saying again that I oppose Reorganization Plan No. 2 because, first, of the contents of section 1, which separates into two departments functions which should be united into one; and, second, because of the contents of section 2 of the plan, for the reasons which I have indicated in these remarks.

Mr. President, I yield to the Senator from Minnesota. I understand that I now have approximately 22 minutes remaining. Is that correct?

The PRESIDENT pro tempore. The Senator from Missouri has 27 minutes remaining.

Mr. BALL. Mr. President, I yield myself 20 minutes.

The PRESIDENT pro tempore. The Senator is recognized for 20 minutes.

Mr. BALL. Mr. President, there are just two salient features of Reorganization Plan No. 2. The effect of section 1 is to keep the United States Employment Service in the Department of Labor, where it now is. Section 2 transfers the functions of the Administrator of the Wage and Hour Division to the Secretary of Labor. Section 3 simply provides that the Secretary of Labor shall issue the regulations under which the Walsh-Healey and Bacon-Davis Acts are enforced by the contracting agencies of the Government. The power resides in the Secretary of Labor now, and this is simply a clarification of his functions. So far as I know there was no objection to section 3 of the reorganization plan, so I

shall confine my statement to sections 1 and 2.

Mr. President, the United States Employment Service has had a somewhat checkered career. When the Wagner-Peyser Act was passed in 1933, providing for Federal assistance to States in setting up public-employment offices, the function was placed in the Department of Labor, Congress recognizing that that Department had a primary interest in facilitating the providing of employment opportunities to the men and women who happened to be unemployed. Subsequently the Social Security Act was passed, providing for unemployment-compensation insurance under a joint Federal-State plan.

As Members of the Senate know, a prerequisite to receiving unemployment compensation is that the unemployed worker shall register for work in a public employment office. In 1939, under a then existing reorganization act, the President transferred the Employment Service to the Social Security Board, and it was administered by that Board jointly with the unemployment-compensation activities until 1942, when, in order to further the prosecution of the war, all the employment offices were nationalized and their administration turned over to the War Manpower Commission. Two years ago, when the War Manpower Commission was liquidated, the United States Employment Service was, by Executive order, placed back in the Department of Labor.

Mr. President, I think it is essential that the functions of paying unemployment compensation and administering the public employment offices on the State level be closely coordinated. Most of the States, I think all but one or two, now have the same bureau administering both functions, and close coordination is essential on the State level. It would probably be preferable on the Federal level, but there is nowhere near the necessity of it on the Federal level, because in our various appropriation bills we have provided specifically for commingling of funds.

The testimony in our hearings showed that the Administrator of the Security Agency and Mr. Goodwin, who heads the Employment Service, have gotten together and issued joint rules and regulations. The testimony even of the State administrators, most of whom oppose this reorganization plan, shows that they are now getting along very well with the situation as it is, with unemployment compensation in the Security Agency, the Employment Service in the Department of Labor. The commingling of funds and the budgeting problems have been worked out very simply, and there is no great difficulty.

Admittedly, from the testimony before us, the reorganization plan is a compromise. Both the Secretary of Labor and Mr. Miller, the head of the Security Agency, felt that both functions at the Federal level should be in the one department. But both of them testified that if they were put in either department they would be administered by separate bureaus, so that the problem of dealing with two Federal bureaus would still remain, because both Mr. Miller and

Secretary Schwollenbach feel that it is essential that a separate agency administer the Employment Service in order that the emphasis shall be on securing jobs and suitable wages rather than operating these offices merely as an adjunct to paying out unemployment compensation. The employment offices serve not only the applicants for unemployment compensation but many millions of other workers. It is a function which logically belongs in the Department of Labor, which was created to serve the interests of the men and women who work.

I should like to point out, Mr. President, that in the Labor Relations Act which we passed here last week we took out of the Labor Department and established as an independent agency the Conciliation Service. Under a reorganization plan approved last year, the President took the Children's Bureau out of the Department of Labor and placed it in the Federal Security Agency. If we now proceed to take out of the Department of Labor the Employment Service, we will leave the Department of Labor with the Women's Bureau and the Bureau of Labor Statistics, and very little else to do in the way of administering Federal laws. Personally, I believe that labor, whether organized or unorganized, is important enough in our society and our economy to warrant a Federal department which has real functions, and if there is any function that logically belongs in a department devoted to furthering the interests of the men and women who work it is an employment service.

I should like to remind the Senate, Mr. President, that in the 1946 session the Senate voted overwhelmingly for a bill reported out by the Committee on Education and Labor, which placed the Employment Service permanently in the Department of Labor.

Now, as for section 2 of the plan, which transfers the functions of the Administrator of the Wage and Hour Division to the Secretary of Labor, the only serious question respecting that transfer, it seemed to me, was the fact that Congress, since passing the Reorganization Act had passed the Portal-to-Portal Pay Act, which vested new functions in the Administrator of the Wage and Hour Division.

Just as a matter of history I think it is well to recall that in the so-called Case bill which we passed at the last session, which was vetoed and did not become law, Congress attempted to create a Conciliation Service as an independent agency in the Department of Labor similar to the present status of the Wage and Hour Division. Upon further study, Mr. President, the committee abandoned that kind of an attempt and created the new Mediation Service as a completely independent agency outside the Department of Labor. I think practically all the members of that committee would agree that the precedent followed in the passage of the Fair Labor Standards Act of creating an independent agency within a department and not subject to the general supervision of the Secretary, the Cabinet officer who heads that Department, just does not make good sense, and is bad administration. So that in the

final analysis I think the Wage and Hour Division should be in a department. I do not think it should be an independent agency. It belongs in either the Department of Justice or in the Department of Labor. Logically, I think it belongs in the Department of Labor because certainly the main purpose of that law is to prevent sweatshop conditions in industry, and the enforcement of such a law designed to protect minimum standards of employment and wages is a logical function of the Secretary of Labor.

The members of the committee were somewhat concerned, at least I was, with the effect of this transfer on the Portal-to-Portal Act. We brought that out clearly in questioning the Secretary of Labor. I do not think it had particularly occurred to him before, but as the result of that discussion we received from the Secretary of Labor the letter which appears on page 4 of the committee report, and I may say that the committee reported adversely the concurrent resolution we are considering to disapprove the reorganization plan, by a vote of 6 to 5 of the Senators present, or 8 to 5 of the entire membership of the committee. The letter to the Senator from Ohio [Mr. TART] recalls that section 5 (e) of the Reorganization Act of 1945 provides as follows:

If, since January 1, 1945, Congress has by law established the status of any agency in relation to other agencies or transferred any function to any agency, no reorganization plan shall provide for, and no reorganization under this act shall have the effect of, changing the status of such agency in relation to other agencies or of abolishing any such transferred function or providing for its exercise by or under the supervision of any other agency.

The Secretary then goes on to say:

It is my opinion, on the basis of this section of the Reorganization Act, that approval of Reorganization Plan No. 2 will not have the effect of transferring to the Secretary of Labor the powers of the Administrator of the Wage and Hour Division referred to above. This follows by reason of the fact that section 10 (b) of the Portal-to-Portal Act, which was approved May 14, 1947, specifically designates the Administrator of the Wage and Hour Division of the Department of Labor as the agency authorized to make such administrative rulings.

You are authorized to make this letter a part of the record of the hearings on the reorganization plan.

We placed the letter in the report so it would be part of the legislative history of whatever action we take on the concurrent resolution.

In addition to that, Mr. President, I have the brief of William S. Tyson, Solicitor of the Department of Labor, on which the Secretary based the opinion that approval by Congress of the reorganization plan and its going into effect would not transfer the rule-making function on which employers are entitled to rely under the Portal-to-Portal Act from the Administrator of the Wage and Hour Division to the Secretary, but that that particular function—because of the terms of the Reorganization Act itself—would still remain in the Administrator of the Wage and Hour Division.

Mr. President, I ask unanimous consent that the brief by Mr. Tyson, the

Solicitor, on which the Secretary's decision was reached and a covering memorandum from George T. Washington, Assistant Solicitor General of the Department of Justice, concurring in the Tyson opinion be printed in the RECORD at this point in my remarks.

There being no objection, the brief and the memorandum were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
June 20, 1947.

MEMORANDUM

The Attorney General concurs in the conclusion reached by the Solicitor. Reorganization Plan No. 2 would not have the effect of transferring functions specifically vested in the Wage and Hour Administrator by the Portal-to-Portal Act of 1947. The plan is in conformity with the terms of the Reorganization Act of 1945, including section 5 (e) thereof.

By direction of the Attorney General:
GEORGE T. WASHINGTON,
Assistant Solicitor General.

DEPARTMENT OF LABOR,
OFFICE OF THE SOLICITOR,
Washington, June 18, 1947.

Memorandum to the Secretary.

From William S. Tyson, Solicitor.

Subject: Scope of functions of the Administrator of the Wage and Hour Division transferred to the Secretary of Labor under Reorganization Plan No. 2 of 1947.

You have asked my opinion concerning the scope and effect of section 2 of the Reorganization Plan No. 2 of 1947, which transfers to the Secretary of Labor the functions vested in the Administrator of the Wage and Hour Division of the Department of Labor by the Fair Labor Standards Act of 1938 (52 Stat. 1060, ch. 676), as amended. In particular, you request my opinion whether the plan has the effect of transferring to the Secretary of Labor the functions of the Administrator under section 10 of the Portal-to-Portal Act of 1947.

It is my opinion that approval of Reorganization Plan No. 2 will not have the effect of transferring to the Secretary of Labor the power of the Administrator of the Wage and Hour Division to issue administrative rulings which could be relied on under section 10 of the Portal-to-Portal Act of 1947. I am of the view that there would be no legal objection to your so advising the Senate Committee on Labor and Public Welfare.

Reorganization Plan No. 2 was transmitted by the President to the Congress on May 1, 1947, pursuant to the Reorganization Act of 1945 approved December 20, 1945 (ch. 582, Public Law 263, 79th Cong., 1st sess., 5 U. S. C. secs. 133y to 133y-16).

Section 5 (e) of the Reorganization Act of 1945 provides in part as follows.

"(e) If, since January 1, 1945, Congress has by law established the status of any agency in relation to other agencies or transferred any function to any agency, no reorganization plan shall provide for, and no reorganization plan under this act shall have the effect of, changing the status of such agency in relation to other agencies or of abolishing any such transferred function or providing for its exercise by or under the supervision of any other agency."

The Portal-to-Portal Act of 1947 (ch. 52, Public Law 49, 80th Cong., 1st sess.), approved May 14, 1947, provides in section 10:

"(a) In any action or proceeding based on any act or omission on or after the date of enactment of this act, no employer shall be subject to any liability or punishment * * * if he pleads and proves that the act or omission * * * was in good faith in conformity with and in reliance on any written administrative regulation, order, ruling, approval or interpretation, of the agency

of the United States specified in subsection (b) of this section * * *.

"(b) The agency referred to in subsection (a) shall be—

"(1) In the case of the Fair Labor Standards Act of 1938, as amended—the Administrator of the Wage and Hour Division of the Department of Labor;

"(2) In the case of the Walsh-Healey Act—the Secretary of Labor, or any Federal officer utilized by him in the administration of that act;

"(3) In the case of the Bacon-Davis Act—the Secretary of Labor."

Section 5 (e) of the Reorganization Act of 1945 originated from an amendment to the Senate Reorganization bill, S. 1120 (79th Cong., 1st sess.), proposed by Senator TAFT and agreed to on November 16, 1945 (91 CONGRESSIONAL RECORD 10925). The amendment as agreed to read as follows:

"Provided, That no reorganization plan submitted shall contain any disposition in conflict with any act of Congress passed after January 1, 1945, dealing expressly with the creation, transfer, consolidation, or coordination of any agency or the distribution or coordination of powers or functions between agencies or within any agency."

The Senate bill, as so amended, was substituted for H. R. 4129, the House reorganization bill, and the bill was passed bearing the House number and sent to conference (91 CONGRESSIONAL RECORD 10974, 10975). By conference agreement the Taft amendment was deleted and the present language of section 5 (e) was substituted (H. Rept. No. 1378, December 12, 1945).

In the Senate debate on the conference bill, Senator TAFT stated, referring to section 5 (e) as amended by the conferees:

"The language * * * which was adopted by the conferees, covers the matters which I had in mind, except that it does not cover the fixing of powers within an agency" (91 CONGRESSIONAL RECORD 12120).

In reply, Senator MURDOCK, who submitted the conference bill in the Senate for the Senate conferees, stated:

"I invite the Senator's attention to this factor, which was the basis of the objection of the House conferees to the intra-agency reorganization which would be precluded if the language suggested by the able Senator had been included in the bill: The House conferees pointed out that in nearly every appropriation bill there are many intra-agency distributions of functions which are given of necessity little attention by the Congress, and that if the language which was suggested by the Senator had been included, whatever was done in any of the appropriation bills would be a prohibition against the President interfering with or changing anything in the way of functions which had been prescribed in an appropriation bill. The House conferees felt that such a provision would be too restrictive."

It is apparent, therefore, that Congress clearly intended section 5 (e) to include any law dealing expressly with the distribution of powers between agencies.

The Fair Labor Standards Act of 1938 established the Wage and Hour Division in the Department of Labor and provided that it should be "under the direction of an Administrator * * * appointed by the President, by and with the advice and consent of the Senate." It is provided in the act that the various governmental functions and powers under the act, except for those relating to the prohibition of oppressive child labor, are to be administered by the Administrator of the Wage and Hour Division.

The Fair Labor Standards Act did not give to the Administrator of the Wage and Hour Division any authority to issue interpretations having binding effect. Prior to the enactment of the Portal-to-Portal Act of 1947 the Administrator's interpretations, even though the courts recognized that they were entitled to great weight, were merely advisory

in character. Under section 10 of the Portal-to-Portal Act of 1947 the administrative rulings of the Administrator have acquired authoritative status by virtue of the provisions that in any action or proceeding to enforce compliance with the act an employer shall not be liable for failure to pay minimum wages or overtime compensation if he pleads and proves that he acted "in good faith in conformity with and in reliance on" written rulings or interpretations of the Administrator.

In discussing the intent of section 10 of the Portal-to-Portal Act the committee of conference of the House of Representatives and the Senate stated in its report:

"Section 10 of the bill as agreed to in conference, relating to an action or proceeding based on any act or omission on or after the date of enactment of the bill contains a rule which is the same as the rule relating to acts or omissions prior to the date of the enactment of the bill, with two exceptions.

"(2) the regulations, practices, enforcement policies, etc., must be those of the Administrator of the Wage and Hour Division of the Department of Labor—in the case of the Fair Labor Standards Act of 1938, as amended; of the Secretary of Labor, or any Federal official utilized by him in the administration of the Walsh-Healey Act—in the case of the Walsh-Healey Act; and of the Secretary of Labor—in the case of the Bacon-Davis Act."

The force of this indication of the congressional intent that it is the administrative rulings of the Administrator of the Wage and Hour Division which are to have binding force in the case of the Fair Labor Standards Act, for purposes of section 10 of the Portal-to-Portal Act, is given added weight in the conference report's discussion of the comparable provision of section 9 which authorizes as to past claims reliance on the rulings or interpretations of "any agency." In discussing this provision the conference report states:

"It will thus be seen that the administrative regulation, order, etc., does not have to be * * * a regulation, order, etc., of the Federal agency which administers the act. It will be sufficient if the employer can prove that his act or omission was in good faith in conformity with and in reliance on any administrative regulation, order, etc., of any Federal agency."

Thus, with reference to wage claims in the past, which are provided for in section 9 of the Portal-to-Portal Act, Congress did not specify any particular agency as having the power to issue rulings which could be relied upon by employees under the act. When, however, it came to wage claims arising in the future which are dealt with in section 10 of the Portal-to-Portal Act, Congress specifically provided that the Administrator of the Wage and Hour Division is the agency which has the power to issue administrative rulings which can be relied on by employers under the act. It should also be noted that while Congress specified that the Secretary of Labor alone is the agency for this purpose with reference to the Bacon-Davis Act, the act provides alternatively with respect to the Walsh-Healey Act that the agency is the Secretary of Labor or any Federal officer utilized by him in the administration of such act. It must be presumed from this that Congress did not intend any alternative agency, for purposes of issuing administrative interpretations which can be relied upon by employers, in the case of the Fair Labor Standards Act and the Bacon-Davis Act.

The clear implication of the conference committee's report is that the Portal-to-Portal Act created a new power with reference to wage claims arising in the future, namely, that of issuing binding administrative rulings and expressly provided that this power should be exercised by the Administra-

tor who, in the words of the report, is "the Federal agency which administers" the Fair Labor Standards Act. Accordingly, under section 5 (e) of the Reorganization Act of 1945, section 2 of Reorganization Plan No. 2 cannot affect the powers of the Administrator of the Wage and Hour Division under section 10 of the Portal-to-Portal Act.

It is a familiar rule of construction that the courts will pay particular attention and will give great weight in construing a legislative enactment of Congress to the interpretation of the scope and effect of that enactment adopted by the administering authority (*Robertson v. Downing* (127 U. S. 607); *United States v. Healey* (160 U. S. 136); *United States v. American Trucking Association* (310 U. S. 534)). Accordingly, if you, as Secretary of Labor, were to take the position that the powers of the Administrator of the Wage and Hour Division under section 10 of the Portal-to-Portal Act of 1947 are not affected by section 2 of Reorganization Plan No. 2, the courts in any action under that act would give great weight to your interpretation of the limitations of that section.

Mr. BALL. I also have here a General Order No. 29 of the Department of Labor headed "Delegation of functions," signed by L. B. Schwellenbach, the Secretary, reading as follows:

Effective upon the approval of the President's Reorganization Plan No. 2 of 1947, the functions transferred to me under section 2 of that plan are hereby delegated to the Administrator of the Wage and Hour Division of the Department of Labor.

Mr. President, I agree with the distinguished Senator from Missouri that there is a legal question that perhaps some employees might bring a suit, but in view of the clear statement of the Secretary of Labor, the opinion of his solicitor, concurred in by the Assistant Solicitor General of the United States, I do not think any court could do other than go along with the Secretary's own interpretation. Furthermore, although I have disagreed with him plenty on policy, I have complete confidence in the integrity of the Secretary of Labor, and I think he will administer the reorganization plan in complete conformance with his letter to the Senator from Ohio [Mr. TAFT] which appears in our report. In other words, the rule-making function, the interpretation of the Fair Labor Standards Act on which employers are entitled to rely in good faith under the Portal-to-Portal Act, will continue to remain in Mr. McComb, who is now the Administrator of the Wage and Hour Division, having been appointed by the President and confirmed by the Senate at the present session.

As I have previously stated, I do not believe that in the long run the creation of independent agencies within a Cabinet department is sound administrative procedure; and I think the sooner we can group such independent agencies into Cabinet departments and hold the Secretaries responsible for their administration, the better. Certainly the administration of a Fair Labor Standards Act designed to eliminate sweatshop conditions in industry and protect the working standards of labor logically belongs in the Department of Labor.

Already in this session Congress has taken out of the Department of Labor one of its major divisions, namely, the

Conciliation Service, and established it as an independent agency. If we are to continue to take out of that Department bureaus, functions, and divisions which logically belong there, if they belong anywhere in Government, and gradually strip it down to simply a secretary and a few assistant secretaries with virtually nothing to do, I think we shall not be serving well the interests of the 60,000,000 men and women who comprise our labor force.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. BALL. I yield to the Senator from Kentucky.

Mr. COOPER. I should like to ask the Senator if the reason for taking Conciliation Service out of the Department was not the idea that in dealing between employers and employees there should be an independent agency, without bias or favor for either employer or employee.

Mr. BALL. The reason which impelled that change is that mediation is not exactly quasi-judicial, but a semi-judicial function; and having it administered by a Cabinet officer who by law is required to represent the interests of one party did not seem to us sound procedure. We thought it was better as an independent agency.

Mr. COOPER. Following out the Senator's logic, does not the Wage and Hour Administrator, in the issuance of rules and regulations, and in determinations, also occupy a quasi-judicial position?

Mr. BALL. No; I do not think so. I believe that rule making is an administrative function.

Mr. COOPER. But would not the Senator say that his function in making decisions and determinations is of a quasi-judicial nature?

Mr. BALL. No more so than rule making under any law would be. The same thing applies to the Bacon-Davis Act and the Walsh-Healey Act. Under the Portal-to-Portal Act the President has the rule-making authority. In other words, he interprets in greater detail the provisions of the law passed by Congress. Of course, his interpretations are finally subject to court review.

Mr. COOPER. Would not the Senator say that the same logic which prompted the Congress in removing the Conciliation Service from the Department of Labor should also apply to rulings of the Wage and Hour Administration, as between employer and employee?

Mr. BALL. No; I think that is an entirely different function. In administering the wage-hour law the official charged with that responsibility is in effect enforcing a law passed to protect the standards of working people. Even under an independent agency there has been a somewhat partisan administration. The enforcement is going to be as vigorous as it can be made; and it should be.

Mr. COOPER. I remember that during the hearings there was some testimony to the effect that the Wage-Hour Administrator had issued more than 100,000 decisions or rulings affecting employers and employees. Would the Sen-

ator consider that an agency which issued more than 100,000 rulings affecting employers and employees should be an independent agency, and not under a Department whose chief purpose is to promote the interest of labor alone?

Mr. BALL. His rulings, for example, in determining whether coal yards or lumber yards are in interstate commerce or not, are all finally subject to court interpretation. But his decision must be made in accordance with the rules laid down in the act. I think it is perfectly logical to have such decisions made by an agency which is part of a department primarily devoted to furthering the interests of labor and protecting labor standards.

Mr. COOPER. I understand the Senator's position, but I think he knows that the courts have held that while rulings of the Wage and Hour Administrator are not conclusive, the courts will give them great weight.

The PRESIDENT pro tempore. The time of the Senator from Minnesota has expired.

Mr. BALL. Mr. President, I yield myself five minutes more.

Mr. COOPER. It seems to me that there is an area in which his determinations would have great effect on the courts.

Mr. BALL. I agree with the Senator.

Mr. COOPER. For that reason, the agency should be impartial.

Mr. BALL. Merely because the Secretary of Labor is supposed to further the interest of labor, that does not mean that he is going to be completely biased in his interpretation of the law.

Mr. COOPER. I agree with the Senator.

Mr. BALL. I believe that he is going to interpret the law so as to carry out the intent, namely, to protect the working standards of men and women who work. I believe that he will carry out that intent as fully as possible. Personally, I hope that some day we can extend the protection of the Fair Labor Standards Act as far as possible under the interstate-commerce clause.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BALL. I yield.

Mr. BARKLEY. If we take this agency from the Department of Labor, about all we shall have left will be the Women's Bureau and the Bureau of Labor Statistics. Is it true that the House eliminated altogether from the appropriation bill for the Department of Labor any appropriation for the Division of Labor Standards?

Mr. BALL. That is true.

Mr. BARKLEY. So if that elimination should stand, that Division would be abolished, in effect. There would be no money to support it.

Mr. BALL. That is correct.

Mr. BARKLEY. That emphasizes what the Senator says, that if the reorganization plan is defeated, and the agency about which we are talking, the Employment Service, is eliminated, there will be left nothing but a skeleton of the Department of Labor under the Organic Act by which it was established in 1913.

Mr. BALL. The Senator is correct. We shall have a Secretary, an Under Secretary, and three assistants, with virtually nothing to do.

Mr. BARKLEY. The Secretary will be what we call "functus officio" with no "officio."

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. BALL. I yield.

Mr. SALTONSTALL. I ask the distinguished Senator from Minnesota if it is not true that prior to December 1941, when the Federal Government took over the employment offices from the States, the Social Security Department of the Federal Government provided the funds with which the States administered the offices.

Mr. BALL. That is correct.

Mr. SALTONSTALL. So the offices operated in the States by the Unemployment Compensation Service received funds from the Federal Government, and all their funds came from one office prior to the time the Federal Government took over in 1941.

Mr. BALL. Yes; but there were always two separate grants, one for the Employment Service and one for the Unemployment Compensation Division, just as there have been for the past 2 years.

Mr. SALTONSTALL. That is true; but there was one administrator in the State government and one administrator in the Federal Government, who had dealings with each other relative to the administration of funds.

Mr. BALL. That is true. I pointed out that fact.

Mr. SALTONSTALL. The distinguished Senator from Kentucky [Mr. BARKLEY] says that there will be nothing left in the Department of Labor but the Women's Bureau and the Bureau of Labor Statistics. This was not a function of the Department of Labor prior to December 31, 1941.

Mr. BALL. It was from 1933 until 1939. The Employment Service was in the Department of Labor. It was placed there by the Wagner-Peyser Act, passed in 1933.

Mr. SALTONSTALL. Then it was taken over—

Mr. BALL. From 1939 to 1942 it was in the Social Security Board, and from 1942 until 1945 it was in the War Manpower Commission. Since 1945 it has been in the Department of Labor.

Mr. SALTONSTALL. So in the period up to the time of the war, in 1942, when these employment offices were becoming more and more effective—at least in New England—they were being handled by one administrator in Washington dealing with the State administrator. Is not that correct?

Mr. BALL. That is correct.

Mr. President, I yield 10 minutes to the Senator from Oregon [Mr. MORSE].

The PRESIDENT pro tempore. The Senator from Oregon is recognized for 10 minutes.

Mr. MORSE. Mr. President, I wish to direct my remarks to the Report of the Committee on Labor and Public Welfare concerning Reorganization Plan No. 2 of

1947. I have in mind specifically that portion of the plan which deals with the location of the United States Employment Service. You will recall, Mr. President, that the majority of the committee concluded that the proper location for the United States Employment Service is in the Department of Labor. I am in complete agreement with this conclusion.

Anyone who is at all familiar with the objectives and functions of the United States Employment Service and the part which it plays in our public employment office system, must recognize that this program lies at the very heart of the labor functions. The Employment Service is an essential part of the Department of Labor and its activities coincide with the basic purposes for which the Department of Labor was established. There is, of necessity, a very close working relationship between the Employment Service and the other bureaus which make up the Department of Labor.

The Apprentice Training Service in the Department of Labor, for example, depends in a large measure on employment-service assistance and advice. The apprentice-training program is responsible for determining the character and scope of the apprentice-training program and the particular skills for which such training should be encouraged and developed. The Employment Service must advise the Apprentice Training Service on job opportunities and emerging labor requirements. In the States these two programs are closely related and involve the selection and referral of new entrants into the labor market and veterans and other workers who are best qualified by reason of their interests and potentialities to benefit from Apprentice Training Service programs. Similarly, the other bureaus in the Department of Labor—the Division of Labor Standards, the Bureau of Labor Statistics, and the Women's Bureau—perform functions which require the cooperation of the Employment Service. Technical information and assistance are interchanged between the Employment Service and these bureaus.

Because of the very close working relationships that exist between the United States Employment Service and the other bureaus in the Department of Labor and because the employment-service activity is so clearly a labor function, it is difficult for me, Mr. President, to understand the position taken by the minority members of the committee.

I particularly note the position taken by the minority to the effect that any reorganization plan submitted to the Congress by the President should be judged with respect to the expressed purposes of the Reorganization Act. To my way of thinking, the most important purpose set forth in the Reorganization Act is to group, coordinate, and consolidate agencies and functions of the Government, as nearly as may be, according to major purposes. It is my belief that if this objective is pursued, then it is possible to bring about the other purposes of the Reorganization Act such as reduction of expenditures, promotion of economy, efficiency of Government

operations, and the elimination of overlapping and duplication of effort. It is for this reason that I find it difficult to understand how the minority of the committee could be opposed to the permanent location of the United States Employment Service in the Department of Labor.

Mr. President, some 14 years have elapsed since the United States Employment Service was established by the Wagner-Peyser Act in 1933. Except for a period of 3 years, the United States Employment Service has always been outside of the Federal Security Agency. The only occasion on which Congress declared its position with regard to the location of the United States Employment Service was in the enactment of the Wagner-Peyser Act. That legislation specifically provided for locating the United States Employment Service in the Department of Labor.

The subsequent transfers of the United States Employment Service to other agencies have all been made by Presidential order. The transfer to the Federal Security Agency in 1939 by Reorganization Plan No. 1 resulted in the consolidation of the Employment Service functions with unemployment benefit functions of the Social Security Board. During that 3-year period, unemployment compensation functions were given precedence over Employment Service activities. Indeed, prompt payment of unemployment compensation benefits was given higher priority than placing an unemployed worker on a job. I regard it as significant, Mr. President, that when this country was faced by a national emergency and emphasis had to be given to mobilization of manpower resources, the United States Employment Service was removed from the Federal Security Agency and placed in an agency whose sole responsibility concerned the resolution of manpower problems. This agency, the War Manpower Commission, was liquidated in September 1945. On the basis of a careful review of the functions of the United States Employment Service in a peacetime labor market, the President transferred the United States Employment Service to the Department of Labor where it is now located.

During the period in which the United States Employment Service has been a part of the Department of Labor it has developed a program which is necessary to assure maximum employment and job continuity. The Employment Service program now provides for complete placement services, special services to veterans, employment counseling, labor market information, industrial services, and community cooperation with groups concerned with employment problems. This program did not exist at the time the United States Employment Service was a part of the Federal Security Agency. The Employment Service program now provides more services to employers than ever before in its previous history. At the request of employers, employment offices now provide them with industrial services concerning methods which will assure better selection, induction, and in-plant transfer of workers so that labor turnover can be reduced.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MORSE. I am sorry, but I want to get through with my prepared remarks. Then if I have time I shall be glad to yield.

The employment offices provide employers with occupational analysis materials, job-testing methods, and other related services. Labor market information reflecting employment and unemployment trends, hiring practices, and similar related data is provided to employers so that they may better determine location of plant facilities, hiring schedules, and the adjustments of their working forces. The Employment Service is today making more placements in higher paying jobs having prospects of regular employment than ever before in its history. Obviously, the employment service could not carry on such a successful program unless it had employer confidence and job orders from employers.

It is my belief, Mr. President, that because the United States Employment Service has been operating in an agency free from welfare and relief programs, it has received wide public acceptance. Employers and workers have come to use the facilities of our public employment offices on a greater scale than ever before. It would be most unfortunate if this experience were to be reversed and public misunderstanding and confusion develop because the Employment Service was once again associated with welfare and relief activities. For this reason, I am heartily in favor of continuing the United States Employment Service permanently in the Department of Labor.

It may interest the Members of this body to know, Mr. President, that section 604 of the Servicemen's Readjustment Act of 1944—the so-called GI bill—provides, and I quote:

The Federal agency administering the United States Employment Service shall maintain that service as an operating entity.

This provision of the statute was enacted subsequent to the provisions of the reorganization plan of 1939 which abolished the United States Employment Service and consolidated its functions with those of unemployment compensation. In my opinion this section of the GI bill, providing for maintaining the United States Employment Service as an operating entity, is designed to assure that no matter what administrative reorganization might take place, no action should be taken to impede or interfere with the major or proper objectives of the public employment service. These objectives are to assure high levels of productive employment and to facilitate job stability.

The national veterans' organizations, working closely with the Congress at the time the GI bill was enacted, were particularly concerned that every effort be made to assure effective employment assistance and job counseling. It is for this reason that the GI bill provides for maintaining the identity of the United States Employment Service as an operating organization. It, in effect, rescinds that portion of the President's Reorganization Plan No. 1 of 1939 which

consolidated the functions of the United States Employment Service with those of unemployment compensation.

The reasoning which justified this action so that veterans might be given the maximum of employment assistance is equally applicable to nonveterans. Only if the United States Employment Service continues in a department of Government, whose primary activities are concerned with the labor functions and the problems growing out of the labor market, can we have any assurance that the employment-service program will not be diluted or subordinated to other activities.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. MORSE. May I have five more minutes?

Mr. BALL. I yield five additional minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, I find that both the majority and the minority members of the committee are in agreement on at least one point. Both groups are agreed that the objective should be to find the unemployed worker a job, rather than to pay benefits. To me, this is a crucial point, and logically leads to the conclusion that the United States Employment Service should be permanently located in the Department of Labor. It is inevitable that if the United States Employment Service were to be located in some department of Government whose primary concern is with welfare, health, education, or relief activities, the objectives of the public employment service would fail to receive their proper emphasis. I think this point needs to be emphasized above all others.

As a matter of fact, the experience in the States where both the employment service and unemployment compensation programs are administered indicates that in some 15 States the employment service is located in a State department of labor or a comparable State agency. In six additional States, the employment service is located in a department which carries on responsibilities for unemployment compensation and other labor functions. It is important to note, Mr. President, that in no State are the employment service and unemployment compensation programs administered by an agency which also has responsibility for health, welfare, education, or relief activities.

I do not argue that the logic which compels the coordination of employment service and unemployment compensation activities in a single State agency is necessarily applicable to the organizational structure which should apply within the Federal Government. Much can be said, however, for bringing the unemployment compensation functions to the Department of Labor. But, on the contrary, little can be said for transferring the Employment Service out of the Department of Labor to an independent agency.

As I review the history of the United States Employment Service, the growth and development of the public employment service system in this country, and the advances made by the Employment Service when it was not a part of the Federal Security Agency, I must conclude that the proper permanent location for

the United States Employment Service is in the Department of Labor. When, in addition, consideration is given to the related labor functions carried on in the Department of Labor, it seems to me that the justification for continuing the United States Employment Service in that Department on a permanent basis is overwhelming. I strongly urge my colleagues to support the President's Reorganization Plan which would have the effect of assuring this country the continuance of a vital effective public employment service.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks my answers to certain questions. Time does not permit my reading of the answers. The questions are important, and I wish to say to my colleagues that in my opinion the answers to these questions are favorable to placing the Employment Service permanently in the Department of Labor.

The first question is, Why not provide for the merger of unemployment compensation and employment service programs?

The second question is, Is it not a fact that both the Federal Security Agency and the United States Employment Service have about the same kind of programs and deal with the same agencies?

Mr. President, let me say, briefly, that my answer to that question is "No."

The third question is: Is it not true that local employment offices get workers jobs and also pay unemployed workers benefits?

Mr. President, that is not true.

The fourth question is as follows: Is it not true that the main arguments made by the State officials for the transfer of the United States Employment Service to the Federal Security Agency is based upon considerations of economy?

The fifth question: Is it not true that the transfer of the United States Employment Service to the Federal Security Agency would result in more economical and efficient administration of both the unemployment compensation and employment service programs, and would improve relationships with the States?

The sixth question: Since both the unemployment compensation and the employment service programs are administered in all States by a single agency, why should not the United States Employment Service be transferred to the Federal Security Agency, where the unemployment compensation program is now being administered?

The next question is as follows: What is the purpose of section 2 of the plan transferring powers of the Administrator under the Fair Labor Standards Act of 1938?

Next, Mr. President, someone may ask upon what I base my conclusion that the power to make administrative rulings will not pass to the Secretary of Labor.

The next question: Do I conclude that the Administrator will continue as a statutorily-created officer who, according to the Fair Labor Standards Act of 1938, must be appointed by the President and confirmed by the Senate.

The next question is as follows: What are the practical reasons for transferring all other powers than those under the

Portal-to-Portal Act of 1947, from the Administrator to the Secretary?

Mr. President, I ask that those questions and my answers to them, which, I submit, support placing this Employment Service permanently in the Department of Labor, be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the questions and answers were ordered to be printed in the RECORD, as follows:

Question. Why not provide for the merger of unemployment compensation and employment service programs?

Answer. Action along this line was taken in 1939 when the United States Employment Service was abolished and its functions were consolidated with those of unemployment compensation in the Social Security Board. The experience was highly unsatisfactory. The employment service activities were subordinated to those of unemployment compensation. I am glad to note that there is complete agreement among both the minority and majority members of the committee that finding jobs for unemployed workers is more important than payment of unemployment benefits. However, if we were to merge these two programs and place them in an agency which is responsible primarily for social insurance, health, welfare, and education activities, we would once again find employment service activities subordinated. As a result, payment of benefits would be regarded as more important than finding jobs for unemployed workers.

I might note that the veterans organizations have been very much concerned about the danger of subordinating the employment service to unemployment compensation activities. As a matter of fact, you will find in section 604 of the Servicemen's Readjustment Act of 1944 a provision to the effect that whatever agency is responsible for the United States Employment Service must maintain that Service as an operating entity. In other words, the provisions of this act rescind the provisions of the 1939 reorganization plan, since that plan abolished the United States Employment Service and merged its functions with those of unemployment compensation. The veterans feel that maximum employment assistance and job counseling can only be assured if the employment service activities are not merged with those of other programs.

Question. Isn't it a fact that both the Federal Security Agency and the United States Employment Service have about the same kind of programs and deal with the same agencies?

Answer. No; this is true only in part. It is correct that the same State agency administers both the employment service and unemployment compensation programs, but these two programs are distinctly different. The statutory responsibilities placed upon the United States Employment Service are not the same as those placed upon the Social Security Administration in the Federal Security Agency. In the case of the United States Employment Service, the Wagner-Peyser Act requires that it shall maintain a national system of employment offices. The act also requires that the United States Employment Service shall provide technical assistance and promote uniformity in administrative and statistical procedures. The USES is required to collect and publish information on employment opportunities. It is required to assist the local offices in meeting problems peculiar to their localities. None of these statutory responsibilities is found in the Social Security Act as it relates to the administration of the unemployment compensation program. In other words, the public employment service system is made up of a Nation-wide network of local offices involving Federal-State cooperation. The unemployment compensation system, how-

ever, consists of independent State systems and are in no way set up as a national program. Just to cite one example, the USES is required by law to operate a system for the clearance of labor among the States. In the case of unemployment compensation, however, when a claimant wishes to receive benefits in one State for work performed in another State, the Social Security Administration has nothing whatsoever to do with that activity. In fact, the arrangements for interstate payment of benefits has been worked out between the States and the Social Security Administration has not participated in it at all.

Question. Isn't it true that local employment offices get workers jobs and also pay unemployed workers benefits?

Answer. That is not true. As a matter of fact, the Employment Service must provide assistance to all job seekers without regard to their prior work experience or whether they have been subject to unemployment-compensation laws. As a result, employment offices give assistance to youth who enter the labor market for the first time, to veterans who may have had no prior work experience and who may not be subject to unemployment-compensation laws, and to workers in such activities as agriculture, domestic service, Government, and the like, which are not covered by unemployment-compensation laws. In fact, there are 60,000,000 people in our labor force today and 25,000,000 of these people have no unemployment-compensation coverage.

It is true that in some States provision is made for housing certain unemployment-compensation functions in the local offices. When these functions are carried on, however, they are not as a part of the employment-service program. As a matter of fact, because of the specialized knowledge and qualifications required for employment-service activities, the use of employment-service staff for unemployment-compensation functions in a local office is highly uneconomical and inefficient and can be justified for only very short periods of time under emergency circumstances.

Question. Is it not true that the main argument made by the State officials for the transfer of the USES to the Federal Security Agency is based upon considerations of economy?

Answer. Yes. Many State officials do argue that the transfer of the USES to the FSA would result in increased economy. I am somewhat loath, however, to accept their views. I know as a matter of fact that these very same officials are the ones who submitted budgets to the USES indicating that approximately \$79,000,000 would be required during the next fiscal year to operate the public employment offices. The USES independently estimated that about \$72,000,000 would be required for this purpose and this amount was submitted as the budget request to the Congress. As you know, the Senate Appropriations Committee after reviewing this matter came to the conclusion that the public employment offices could be operated at a cost of \$57,000,000. In other words, these same State officials who argued economy are asking for \$22,000,000 more to operate the employment offices than the Senate Appropriations Committee has deemed necessary for that purpose.

Question. Isn't it true that the transfer of the United States Employment Service to the Federal Security Agency would result in more economical and efficient administration of both the unemployment compensation and employment service programs, and would improve relationships with the States?

Answer. Certain economies can be achieved when two agencies are in the same department of Government and those agencies deal with a single State agency. Such economies as can be achieved, however, have already taken place. The United States Employment Service and the Federal Security Agency have

already issued joint instructions on fiscal matters, budget preparation, personnel merit standards, and auditing of State expenditures. The economies which are possible are limited entirely to the routine business management, housekeeping functions. No economies can be achieved with respect to the operations or functions which characterize the employment service program as against those which characterize the unemployment compensation program. These are distinctly different programs involving highly specialized and different technical instructions, procedures, and methods of operation. Even when the United States Employment Service was located in the Federal Security Agency, it was necessary to maintain a separate organizational unit for the activities which distinctly dealt with employment service program matters.

It is my opinion that more important than the few dollars saved through joint administrative instructions is the assurance that the objectives and purposes of the employment service program will be achieved. By the same token, I should not want to see the objectives of the unemployment compensation program distorted through any merging of the activities of that program with those of the employment service. In the final analysis, the employment service program is concerned with getting workers jobs and providing employers with the workers they need. The unemployment compensation program is concerned with the payment of benefits to workers who are involuntarily unemployed. Each has its own contribution to make and the merger of these programs would do neither one any good.

Question. Since both the unemployment compensation and the employment service programs are administered in all States by a single agency, why should not the USES be transferred to the Federal Security Agency where the unemployment compensation program is now being administered?

Answer. The administration of the two programs by a single agency in the States is quite proper. It is in the States where the actual operating activities take place for both the employment service and the unemployment compensation programs. It does not follow, however, that the same type of administrative organization is necessary at the Federal level. Indeed, the transfer of the USES to the FSA would do great harm to our public employment service system. The FSA deals with matters of health, education, welfare, relief, and social insurance. The only program in the FSA with which the employment service is concerned at all is that of unemployment compensation. It seems to me that a great deal more can be said for the transfer of the unemployment compensation program to the Labor Department. Particularly since little or no relations exist between the unemployment compensation program and the other programs administered by FSA. In the case of the Employment Service, however, with the USES located in the Department of Labor very close relationships exist to the other labor programs administered by that Department.

In some 21 States the employment service is now located in either a State Department of Labor or a State agency which administers additional labor programs. In those States the Employment Service is located in a State agency responsible for the administration of health, welfare, and relief activities. The success of the public employment service in this country and the increasing widespread use of its facilities by both employers and workers is largely attributable to the fact that its program is not regarded as one related to welfare or relief functions.

Question. What is the purpose of section 2 of the plan transferring powers of the Administrator under the Fair Labor Standards of 1938?

Answer. The purpose is to consolidate under the Secretary of Labor all administrative functions under the Fair Labor Stand-

ards Act of 1938 with the exception of the power to make administrative rulings upon which employers are entitled to rely. The latter remains a function of the Administrator of the Wage and Hour Division.

Question. Someone may ask upon what do I base my conclusion that the power to make administrative rulings will not pass to the Secretary of Labor?

Answer. The power to make administrative rulings upon which employers are entitled to rely is conferred by section 10 of the Portal-to-Portal Act of 1947. This provision gives a new effect to the rulings of the Administrator under the Fair Labor Standards Act and to the rulings of the Secretary of Labor under the Davis-Bacon and Walsh-Healey Acts. If employers rely on these rulings in good faith they cannot be subjected to liability under the statutes. By this provision new powers are given to the Administrator and to the Secretary in relation to each other, and legislative history of the Portal-to-Portal Act indicates a definite purpose on the part of Congress to give these powers under the three statutes to the particular officers specified and to no other officers.

Now, section 5 (e) of the Reorganization Act of 1945 prevents the transfer of any agency whose status has been established by law in relation to any other agency after January 1, 1945. The word "agency" in the act by definition includes the Administrator and the Secretary. The Portal-to-Portal Act clearly established the status of the Administrator in relation to the Secretary for the purpose of exercising the powers conferred by section 10. These powers therefore remain in the Administrator.

Question. Do I conclude that the Administrator will continue as a statutorily created officer who, according to the Fair Labor Standards Act of 1938, must be appointed by the President and confirmed by the Senate?

Answer. For the purposes of exercising the powers conferred under section 10 of the Portal-to-Portal Act, that is true.

Question. What are the practical reasons for transferring all other powers than those under the Portal-to-Portal Act of 1947, from the Administrator to the Secretary?

Answer. The Administrator of the Wage and Hour Division was given an independent status when the Fair Labor Standards Act was first passed in 1938. At the same time the division he administers is in the Department of Labor and the Secretary of Labor is generally held responsible by the public for the policies and personnel of the Administrator even though the Secretary has no statutory control over either.

At the present time the Secretary has final authority in regard to administration of the Walsh-Healey Public Contracts Act under which is prescribed prevailing minimum wages and under which is enforced these wages plus required overtime compensation and provisions relating to child labor. The Secretary also determines minimum wages under the Davis-Bacon Act and has the fixed responsibility for administering the child-labor provisions of the Fair Labor Standards Act. Now these acts raise problems exactly similar to those under the Fair Labor Standards Act and it is the belief of the committee that all of these powers should be carried out as far as possible by the same agency of the Government. The Secretary of Labor as a Cabinet officer was the choice of the plan, and this choice seems to be sound.

Mr. BALL. Mr. President, I yield 15 minutes to the Senator from Louisiana [Mr. ELLENDER].

The PRESIDENT pro tempore. The Senator from Louisiana is recognized for 15 minutes.

Mr. ELLENDER. Mr. President, I rise in opposition to the pending concurrent

resolution. I favor the President's Reorganization Plan No. 2.

As a member of the Committee on Labor and Public Welfare, which held hearings on the plan, I have followed very closely the testimony presented before that committee concerning the permanent location of the United States Employment Service. I am in complete accord with the majority views expressed in the report of the committee to the effect that the United States Employment Service should be permanently located in the United States Department of Labor. This conclusion is based upon a careful review of the facts, and in no way has been dictated by considerations of party politics.

It is my opinion, Mr. President, that any consideration involving the administrative reorganization of Government agencies must be guided by a study of the Government functions performed by the agency and the relationship of those functions to others in the department or branch of government in which the agency would be placed. Our Federal-State system of public employment offices is concerned with two major objectives: First, increasing the level of employment; and second, maintaining job stability. The services rendered by the public employment offices to employers, veterans, and other job seekers, and to community groups concerned with employment problems, are designed to achieve these objectives.

No one can question for a moment that the functions, activities, and objectives of the public employment service system are labor functions. The United States Employment Service is the Federal agency with which the State employment services are affiliated. The statutory responsibilities placed upon the United States Employment Service and the functions with which that agency is concerned clearly constitute a labor function. Effective governmental action on labor problems requires proper assignment of responsibility for the administration of Federal programs involving labor functions. Surely, we are agreed that the labor functions carried on by the United States Employment Service are closely related to the other labor functions found in the United States Department of Labor. The policies and operations of the Employment Service must be determined in relation to over-all labor standards, labor statistics, labor training, and labor law—for all of which the Labor Department is the central point in the Government. The work of the Employment Service ties in with that of other units of the Labor Department, and there is an interchange of technical information and assistance between them. These considerations should be controlling in determining the permanent location of the United States Employment Service.

My concern with the proper location of the United States Employment Service arises not only from the importance of this question as it affects the Federal Government organization, but also because it has a very strong bearing on the activities of the public employment offices within the States. The unemployment-compensation and employment-

service programs within the States are generally administered by a single agency, but it is important to note that in 20 States, plus Hawaii, the employment service is located in a State agency which is either the State department of labor or an agency responsible for additional labor functions.

Let me emphasize at this point, Mr. President, that the reorganization plan does not in any manner affect the rights of the States to place the services in one agency or to separate them. In other words, the States may run this activity at whatever level they deem wise and expedient. No State has located the employment service in an agency which is also responsible for health, welfare, education, or relief activities.

I was impressed by the fact that a number of State administrators who appeared before the committee in favor of the transfer of the United States Employment Service to the Federal Security Agency came from States in which their programs were supervised by a State department of labor. For example, the State administrator from New York testified to the effect that the United States Employment Service should not remain in the United States Department of Labor, although he and his agency are a part of the New York State Department of Labor. Again, a State official from Wisconsin appeared before the committee opposing the President's reorganization plan, so far as the location of the United States Employment Service was concerned. Yet that official is a part of the Wisconsin Industrial Commission, which is responsible for carrying out a number of labor functions in the State in addition to that of the employment service.

I am particularly impressed by a public statement recently made by Mr. Edward Corsi, industrial commissioner of the New York State Department of Labor, regarding the employment service and unemployment compensation programs. In that statement he said:

There was some fear, when the employment services were returned to the States, that the placement function would be subordinate to unemployment insurance. While placement and compensation are closely related, and in some respect interdependent, the compensation activities are concerned almost exclusively with matters having to do with financial and taxation problems and procedure. They require a different approach and a different type of thinking. Placement, on the other hand, is to a larger extent an activity concerned with personal, human relationships, and values. Over and above procedural requirements it necessitates mastery of a very specialized technique and personal contacts that place a premium on ability to be helpful to people, to influence them constructively, and to analyze human motives and behavior. The two functions are in many respects incompatible, and, if too closely combined or integrated, might lead to operative difficulties. We have therefore, to a very large extent, maintained the set-up which we had prior to federalization of the Employment Service. The two Bureaus co-operate administratively to the extent required by the law and operate separately as units in the field. In New York City placement and insurance offices are wholly independent, both as to location and operation. While in some up-State cities both occupy the same premises, their operations are

wholly separate and distinct. We find that this set-up operates very satisfactorily.

The importance of permanently locating the United States Employment Service in the Department of Labor cannot be overemphasized. I am especially concerned with this question because of its implications for my own State of Louisiana. Within the past few weeks I have received a letter from Mr. H. B. Turcan, who is responsible for the administration of both the employment service and unemployment compensation programs in my State. This letter sets forth very clearly and persuasively the compelling reasons for locating the United States Employment Service in the Labor Department. I think, Mr. President, that the contents of this letter should be known to all of my colleagues. This letter states:

DEAR SENATOR ELLENDER: I am taking the liberty of addressing this letter to you as a member of the Senate Committee on Labor and Public Welfare, and as such you will have before your committee the question of passing on the President's Reorganization Plan No. 2.

As administrator of the division of employment security of the department of labor in the State of Louisiana I have the responsibility for seeing that an effective and efficient State Employment Service is available to the veterans and other working people of our State.

I am, therefore, submitting to you my reasons why I may hope that you will support the President's Reorganization Plan No. 2, which is devoted in part to retaining the United States Employment Service permanently in the United States Department of Labor.

As you know, the United States Employment Service was created as a Bureau in the United States Department of Labor for the specific purpose of minimizing unemployment through the prompt and efficient matching of men and jobs. This is an important part of the responsibility of the Department of Labor under the act creating that Department, namely, to advance the wage earners opportunities for profitable employment.

A Committee on Administrative Organization was appointed by President Roosevelt in 1937 to conduct a study of the various functions of the independent agencies that had mushroomed up in the Federal Government. This committee recommended to President Roosevelt that the United States Employment Service should remain in the Department of Labor, where it had been established in 1933 by the Wagner-Peyser Act. The committee's recommendation recognized that the Federal Department of Labor should be responsible for the following activities:

"To advise the President with regard to labor problems; to conduct research on employment, wages, cost of living, and working conditions; to handle labor relations and controversies; to enforce labor laws; and to administer employment offices and the Federal aspects of Federal-State programs of social security where right rather than need is the basis of payment to beneficiaries."

This same committee recommended the establishing of a Department of Social Welfare with the following responsibilities:

"To advise the President with regard to social welfare; to administer Federal health, educational, and social activities; to conduct research in these fields; to administer Federal grants, if any, for such purposes as to protect the consumer; to conduct the Federal aspects of Federal-State programs of social security where need is the basis of payment to beneficiaries."

As presently constituted, the United States Department of Labor includes the following units:

1. Apprentice Training Service.
2. Office of the Solicitor.
3. Division of Labor Standards.
4. Conciliation Service.
5. Children's Bureau (in part).
6. Women's Bureau.
7. Wage and Hour Division.
8. Bureau of Labor Statistics.
9. United States Employment Service.

The Federal Security Agency includes the following units:

1. Food and Drug Administration.
2. Office of Education.
3. Office of Vocational Rehabilitation.
4. Public Health Service.
5. St. Elizabeths and Freedman's Hospital.
6. Children's Bureau (part).
7. Social Security Administration consisting of three operating bureaus:

(a) The Bureau of Old Age and Survivors Insurance.

(b) The Bureau of Public Assistance.

(c) The Bureau of Employment Security.

Thus while the Committee's recommendations for the establishment of a Department of Social Welfare have not been carried out, most of the appropriate functions of such a department have gradually been brought together in the Federal Security Agency. These Social Welfare programs deal with problems that arise irrespective of the labor market, in the fields of child care, old age, health, education, etc.

An examination of the responsibilities of the United States Department of Labor will show that the Department has as its responsibility national labor programs which have to do with problems growing out of the labor market, particularly as they arise out of the relationship of the worker to his job, and which deal with services to workers in obtaining employment, with problems of wages, hours, working conditions, and management-labor relations.

I am convinced that the Bureau of Employment Security is properly one of the labor programs mentioned and that administration of the law which grants the right to insurance of wage losses when employment is interrupted, should be the responsibility of the Department of Labor.

While I am strongly of the opinion that the United States Employment Service and the Bureau of Employment Security should be within the same department, I am just as convinced that the agency of Government (State or Federal) which assists an individual in finding employment should not be associated or identified as a relief agency. As pointed out, the Federal Security Agency deals primarily with need and the Labor Department deals primarily with workers' rights.

You may be interested to know that from actual operating experience during the past 12 years, we have found that both workers and employers respect and use the Employment Service to a much greater extent when they understand clearly that it is in no sense a relief agency and that the Employment Service operates solely on the basis of employers' specifications and workers' qualifications. We have succeeded in establishing this position of the Employment Service with both workers and employers, but it has been a long up-hill fight. If the Employment Service should be transferred to the Federal Security Agency, which administers its programs fundamentally on the basis of need, the Employment Service will again inevitably be identified as a relief agency. Thus, to effect such a transfer will destroy a good part of the progress we have made.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The time of the Senator from Louisiana has expired.

Mr. BALL. Mr. President, I yield to the Senator an additional 3 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for an additional 3 minutes.

Mr. ELLENDER. Mr. President, I continue the letter:

Recently I wrote a letter to Mr. Hausman who is chairman of the legislative committee of the Interstate Conference of Employment Security Agencies, and made my position clear to him, that I believe the USES and the Unemployment Compensation programs should both be in the United States Department of Labor rather than in the Federal Security Agency. I am enclosing a copy of my letter to him.

There have been a number of arguments advanced by persons appearing before the House Committee for transferring the USES from the Department of Labor to the Federal Security Agency. For example, some of these people contend that the Federal Security Agency is the logical place for the USES, while in their own States both the State Employment Service and Unemployment Compensation administration are in the State Department of Labor.

At the present time there are about 18 States in which the employment service is administered by the State Department of Labor, and there is not, to my knowledge, a single State in which the employment service or unemployment insurance is administered by a State department of public welfare. Since it is obvious that no State feels that these programs should be administered by a public welfare department it seems equally obvious that they should not be administered by such a department at the national level.

Another peculiar argument advanced for transferring the USES is that employers will not use the employment service in their communities if the USES remains in the Department of Labor.

The facts completely explode this argument. For example, analysis of reports show that in 1940 when the USES was in the Federal Security Agency, the public employment offices of the Nation made approximately 3,700,000 placements. Of these placements, 36 percent were in domestic service—in private households and other service industries—and represented jobs of short duration and low wage rates.

On the other hand, in 1946 with the USES in the Department of Labor, total placements by public employment offices were more than 4,500,000, of which only 25 percent were in service industries, and more than 40 percent were in the manufacturing industry, where the highest skilled jobs are found and the best wages are paid. The 1946 placements in manufacturing totaled three times as many as those made in 1940.

I have observed from the CONGRESSIONAL RECORD that hearings on the President's Reorganization Plan No. 2 were scheduled before your subcommittee on May 28, and I understand there are other hearings scheduled on June 16 and 17 on this subject. Before that date I hope to communicate with you again as I wish to call your attention to certain points in the House report which accompanied House Concurrent Resolution No. 49 and which opposes the President's plan.

In conclusion, I would like to summarize the position of this Agency.

1. We believe that the USES should remain in the United States Department of Labor;

2. We believe that the USES and the BES (Bureau of Employment Security) should be organizationally placed in the same Department; and

3. We believe that until such times as the BES can be transferred to the Labor Department the USES should remain where it is.

Yours truly,

H. B. TURCAN,
Administrator.

Mr. President, I believe that our public employment service system plays a vital role in assisting both employers and job seekers to meet their employment needs. I believe that our Federal-State system of public employment offices can only be effective if the United States Employment Service is located in a department of Government whose sole concern is with labor problems. I do not want to see the functions or the activities of the public employment service made subordinate to welfare or relief programs. I strongly urge my colleagues to support the President's Reorganization Plan No. 2 of 1947, and to vote in accordance with the views of majority of the members of the Committee on Labor and Public Welfare which has thoroughly reviewed this reorganization plan.

The PRESIDING OFFICER. To whom does the Senator from Minnesota yield?

Mr. BALL. Mr. President, the minority leader wanted to speak on the concurrent resolution, but he is not at present on the floor. I wonder if the Senator from Missouri would like to proceed now.

Mr. DONNELL. Mr. President, I should really prefer to wait until the other side has completed its presentation, if that could be arranged.

Mr. BALL. I will say to the Senator that I thought I had it arranged. The Senator from Kentucky, I presume, is at luncheon, and has not returned to the floor. So far as I am concerned I have completed all that I wanted to say on the subject.

Mr. DONNELL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

During the calling of the roll,

Mr. BALL. Mr. President, I ask unanimous consent that the quorum call be vacated.

The PRESIDING OFFICER. Without objection, the quorum call will be vacated.

Mr. BALL. Mr. President, I yield the remainder of my time to the Senator from Kentucky [Mr. BARKLEY].

The PRESIDING OFFICER. The Chair recognizes the senior Senator from Kentucky.

Mr. BARKLEY. Mr. President, how much time have I?

The PRESIDING OFFICER. Fifteen minutes have been allotted to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, I appreciate the courtesy of the Senator from Minnesota. I do not know that I shall use the entire time at my disposal, because the Senator himself has covered the issues involved more completely than I could hope to do, because I am not a member of the committee. I wish very briefly to call attention to one or two things which I think the Senate ought to consider in determining the issue which is before us.

The Department of Labor was created in 1913 by the act of March 4, which was one of the last acts of the Taft administration, signed by President Taft on the 4th of March. I can very well imagine

him, according to the custom of that day, coming to the Capitol and occupying the Presidential room in the Senate wing at a time when everyone supposed the President had to sign all bills before the adjournment of Congress on the 4th of March. At any rate, the Department of Labor was created by act of March 4, 1913. The Labor Bureau was created prior to that time, but the Department of Labor was created on the 4th of March 1913. The first Secretary of Labor was appointed by President Wilson when he took office on that day. I believe William B. Wilson was the first Secretary of Labor under that act.

It is true that the Department of Labor was created for the purpose of assisting those who labor for wages in the United States. The organic act states that—

The purpose of the Department of Labor shall be to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment.

It is in accordance with that purpose, as stated in the original organic act, that the United States Employment Service was created. But specifically this Service was set up by the Wagner-Peyser Act of 1933 as a division in the Department of Labor, where it remained until 1939, when, by Executive order, it was transferred to the Federal Security Agency, because the war was coming on, and it was necessary to coordinate all activities of the Government with respect to employment. In 1942, because of the greater need for coordination and concentration due to the war into which we had entered, all these functions were then transferred to the War Manpower Commission, and remained there until 1945, to the end of the war, when the Commission's function had been completed, and then, by Executive order, the United States Employment Service reverted to the Department of Labor in which it was originally created.

The issue before us is whether it shall remain in the Department of Labor, a department which was created, among other things, in order to find profitable employment among workers, or whether it shall be transferred to the Federal Security Agency because that agency has to do with the compensation of men who are unemployed—two entirely different functions.

The more completely the Department of Labor, or the United States Employment Service, can find jobs for people, the fewer men and women there will be on the compensation rolls by reason of unemployment. One function is to find jobs for men and women. The other function is to pay them compensation if there are no jobs. The two functions are entirely different. There is, of course, a relationship between them, but there is no necessary organic connection between the two. One of them properly belongs to the Federal Security Agency; the other, in my judgment, properly belongs to the department set up for the purpose of promoting the welfare of laboring people and to find profitable jobs for them.

There are some Senators who seem to be under the impression that in some way or other the Reorganization Plan No. 2, upon which we are to vote in a few minutes, impinges upon the authority of the States with respect to employment services. On account of the necessity to concentrate all our efforts toward the organization of our manpower during the war, the Federal Government took over the functions of the States with respect to employment, and that was necessary. On November 16 last year these State functions were returned to the States, and they now reside within the States. But there must be a coordinating agency, there must be a Federal functionary whose duty it is to allocate the funds provided by the Federal Government to these State agencies. Since 1945 that has been done by the United States Employment Service in the Department of Labor, and there has been no complaint, so far as I know, as to the efficiency or the cooperative spirit of the Department of Labor with respect to the allocation of these funds. It should be said that in a majority of the States the function of finding jobs for people resides within the labor departments of those States. Some of them also have in that same department the function of unemployment compensation. But there are very few States whose unemployment activities are not within the Labor Department of the State.

So far as I can recall, no one has said that any State will suffer any embarrassment or unfairness in the allocation of funds or in the cooperation between the Federal Government and the States with respect to employment because this agency is in the Department of Labor instead of the Social Security Agency. That being true, inasmuch as Congress placed it there in the beginning, and replaced it there, in a sense, after the war had terminated—because it was removed therefrom only because of the exigency of the war and because of the necessity of concentrating and consolidating all the employment and unemployment compensation functions in one agency—it seems to me that there is no logical reason why the Department of Labor is not the proper repository for the authority of the United States Employment Service.

Reference has already been made to the fact that, by action of Congress, the Department of Labor has been stripped of a very large portion of its functions. The Conciliation Service has been removed. That is a fait accompli. There is no use in discussing it now. It has already been done. That agency has been established as an independent agency. Inasmuch as that has been done, I hope it will function successfully. I am more concerned about the welfare of American working men than I am about the agencies which shall administer their welfare. Although I objected to the elimination of the Conciliation Service from the Department of Labor, it has been done, and I accept it and trust that it will function successfully and admirably.

By refusing any appropriation for the Labor Standards Division of the Department of labor, unless the elimination

should be corrected by the Senate, the Labor Standards Division would not be removed from the Department of Labor to some other department. It would simply die because of lack of food. It would die from starvation. So we might as well remove it from the Department of Labor to some other department as to kill it entirely. I do not know what the Senate will do about it; but the Labor Standards Division can be removed from the Department of Labor because of the lack of any appropriation whatever to support it.

If we take away the Employment Service, which is logically a part of a Labor Department organization to find profitable employment for people, what have we left? We have the Women's Bureau—which I do not minimize—and the Bureau of Labor Statistics. We have a Cabinet member, in the tenth Department established by Congress to function in order to find profitable employment for working people, practically limited to gathering statistics about the cost of living and other valuable information with respect to our labor situation, in addition to the Women's Bureau. Originally the Children's Bureau was a part of the Department of Labor, but that was removed by Executive order several years ago.

So, Mr. President, the issue is really whether the Employment Service, which will be administered by the States, as at present, with the allocation of Federal funds to the States for administrative expenses, as at present, should be in the Department of Labor, where it resided for many years, or whether it should be removed to an agency whose chief function is to compensate men and women because they are not at work. It is not the function of that agency to find jobs. It is its function to compensate men and women who are without employment, but who must have registered for employment in order to receive compensation.

So, Mr. President, I shall vote against the concurrent resolution. I shall vote to support the position of a majority of the committee, which has adversely reported the concurrent resolution; and I trust that the resolution will be defeated.

THE PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

All time of the opponents of the concurrent resolution has expired.

Mr. DONNELL. Mr. President, how much time remains to the proponents of the concurrent resolution?

THE PRESIDING OFFICER. The Chair understands that the proponents have 24 minutes.

Mr. DONNELL. I yield 5 minutes to the Senator from Virginia [Mr. BYRD].

Mr. BYRD. Mr. President, I rise to support the concurrent resolution rejecting Reorganization Plan No. 2 as proposed by the President. I have carefully examined this reorganization plan. It would not save a single dollar. It would not result in the dismissal of a single Government employee.

The power which we have granted to the President of the United States under the Reorganization Act was primarily

for the purpose of affecting economies. The act itself provides that the reorganization plans should effectuate a saving of approximately 25 percent in the cost of the various agencies.

In order to verify the results of my own investigation, I communicated by telephone with the Assistant Director of the Bureau of the Budget, Mr. F. J. Lawton, and asked him this question:

Would the President's plan 2 result in any economy or result in any increase or decrease in personnel?

Mr. Lawton's answer over the telephone was:

The answer to both parts of the question is "No."

Mr. James E. Webb, Director of the Budget, in testifying on the plan before the House Committee on Expenditures in the Executive Departments, stated:

I am aware that the subject of economy has always been an issue in considering reorganization plans. The messages accompanying plans numbered 1 and 2 stated frankly that since most of the actions in these two plans had already been taken under authority of title I of the First War Powers Act, no additional savings could be claimed.

The President, in submitting the plan, stated:

Since the plan does not change existing organization, savings cannot be claimed for it. However, increased expense and disruption of operations would result if present organization were terminated, and the activities reverted to their former locations.

Mr. President, the State of Virginia and 37 other States are opposed to section 1 of the plan, which established the United States Employment Service permanently in the Department of Labor. This Service originated in the Department of Labor, under the old Wagner-Peyser Act. Under a previous reorganization plan President Roosevelt transferred the Service to the Social Security Board. Under the First War Powers Act it was moved first to the War Manpower Commission, and later to the Department of Labor, where it is now. However, unless this plan becomes effective the Service will revert to the Social Security Board on the expiration of the War Powers Act.

That is what the employment services of 38 States think should be done; and they are the agencies which have the primary responsibility for the operation of this part of the plan.

I want to read, Mr. President, a letter which was written to me by the Unemployment Compensation Commission of the State of Virginia. It is dated June 5, and I think it is a very excellent presentation of the entire matter. It reads as follows:

Under the provisions of the above plan, the United States Employment Service will be permanently administered by the Department of Labor. If the plan is rejected, the United States Employment Service will revert to the Social Security Administration upon the termination of title I of the First War Powers Act (U. S. O. 50, App. 601-605). We earnestly urge that this plan be rejected and hope that you will use your influence to that end.

You will recall that under the provisions of the Wagner-Peyser Act of 1933 the United States Employment Service was placed in

the Department of Labor. This was logical at that time because the Social Security System had not been established. Subsequent to the establishment of the Social Security System and the acceptance by the States of the unemployment-compensation provisions thereof—

The PRESIDING OFFICER. The time of the Senator from Virginia has expired.

Mr. BYRD. May I have about 3 minutes?

Mr. DONNELL. I yield three more minutes to the Senator from Virginia.

Mr. BYRD. I continue reading from the letter, as follows:

It became obvious that, since the States had assumed the functions of administering both the Employment Service and the Unemployment Compensation Service as integral and coordinated units, the two units could be more efficiently and economically operated at the Federal level by a single Federal agency. Therefore, in 1939 President Roosevelt, without objection from the Congress, transferred the Employment Service to the Social Security Board. In his message accompanying his plan under which the transfer was made, President Roosevelt stated that the consolidation was being done so as "to minimize overlapping and duplication, to increase efficiency, and to reduce expenditures to the fullest extent consistent with the efficient operation of the Government."

The reasons assigned by Mr. Roosevelt are as sound today as in 1939.

It is clear, I think, Mr. President, that unless this reorganization plan is disapproved, this service, which is vital to the States, will become perhaps a permanent part of the Labor Department of the Federal Government.

Mr. President, I ask unanimous consent to insert the letter, which I have not had time to read in full. It is written by the Unemployment Compensation Commission of the State of Virginia and signed by John Q. Rhodes, Jr., one of the commissioners.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMONWEALTH OF VIRGINIA,
UNEMPLOYMENT COMPENSATION
COMMISSION,
Richmond, June 5, 1947.

Re Reorganization Plan No. 2 of 1947.

Hon. HARRY F. BYRD,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: Under the provisions of the above plan, the United States Employment Service will be permanently administered by the Department of Labor. If the plan is rejected, the United States Employment Service will revert to the Social Security Administration upon the termination of title I of the First War Powers Act (U. S. C. 50, App. 601-605). We earnestly urge that this plan be rejected and hope that you will use your influence to that end.

You will recall that under the provisions of the Wagner-Peyser Act of 1933 the United States Employment Service was placed in the Department of Labor. This was logical at that time because the Social Security System had not been established. Subsequent to the establishment of the Social Security System and the acceptance by the States of the unemployment-compensation provisions thereof, it became obvious that, since the States had assumed the functions of administering both the Employment Service and the Unemployment Compensation Service as integral and coordinated units, the two units could be more efficiently and economically operated at the Federal level by

a single Federal agency. Therefore, in 1939 President Roosevelt, without objection from the Congress, transferred the Employment Service to the Social Security Board. In his message accompanying his plan under which the transfer was made, President Roosevelt stated that the consolidation was being done so as "to minimize overlapping and duplication, to increase efficiency, and to reduce expenditures to the fullest extent consistent with the efficient operation of the Government."

The reasons assigned by Mr. Roosevelt are as sound today as in 1939.

On January 1, 1942, the employment service was taken away from the States and eventually was operated by the War Manpower Commission. Upon the abolishment of the War Manpower Commission, the United States Employment Service was placed temporarily in the Department of Labor. Mr. Truman's plan seeks to keep the United States Employment Service permanently in the Department of Labor.

Our objections to this plan are for the following reasons:

1. It will cost less to administer the Employment Service at the Federal level if it is administered by the same agency now administering the Federal functions of the Unemployment Compensation System. Mr. Webb, Federal Budget Director, testified at the hearings before the House Committee on Expenditures in the Executive Departments on this matter that 1,803 persons are on the pay roll of the Department of Labor who give their full time to services in connection with the administration of the Employment Service. If this Employment Service should be returned to the Social Security Administration, it would seem that it would then be unnecessary to employ so large a number of individuals in the administration of the Service. Today two separate Federal agencies, with two separate groups of administrators, are estimating, making, and auditing expenditures of grants to States for (a) employment-service administration, and (b) unemployment-compensation administration. This entails two budget estimates, two Federal appropriations, two of nearly everything, in the Federal dealings with a single State agency. All the States excepting one have unified the unemployment-compensation functions and the employment-service functions under one head. So long as the two Services remain separated at the Federal level it is necessary for the States in their operations to attempt to separate the functions for budgetary purposes and to prepare two separate budgets. This is a useless burden on the States and involves useless expense. Both Federal agencies now send separate teams of auditors to each State in order to audit the State's expenditures. Consolidation, it seems, would make it possible for but one team of auditors in this connection. Therefore, from the standpoint of economy, the plan should be rejected.

2. Unemployment compensation and job placement are so closely related that coordination of their functions is necessary both at the Federal and State levels. They are inseparable units.

3. The finding of jobs for unemployed workers is not primarily a labor function. It is an economic problem. This service should be forever kept free from so-called labor influences. The States operate an insurance system on a business basis. Those who seek unemployment compensation because of lack of work must be willing and eager applicants for any reasonable, suitable work. The Department of Labor's influences with respect to wages, hours, and standards should not be used in such cases. The policies of both services—finding jobs and paying benefits—must be in the interest of the public welfare, independent of the influences of any particular group. The Federal Security Administration we believe

to be a neutral agency. The Department of Labor is not neutral. We would object to placing the Employment Service in the Department of Commerce because it is primarily engaged in helping capital as distinguished from labor.

4. Thirty-eight States, as shown by a poll of the administrators of all the States, have expressed their opposition to the plan.

5. The Employment Service while administered by the States and supervised at the Federal level by the Social Security Board increased in usefulness and efficiency as compared with the period prior to 1939 when the Labor Department supervised at the Federal level. Since it has been under the Department of Labor its usefulness and efficiency have declined. Employers have not utilized its service to the degree desired. Since the return of the Employment Service to the States, employer interest in the Service has increased to some extent in Virginia. If the Service is completely and permanently separated from the Department of Labor, we feel that employer reaction will be favorable and that their interest in the agency will increase.

With kind personal regards, we are,

Respectfully yours,

JNO Q. RHODES, JR.,

Commissioner.

KENNETH C. PATTY,

Assistant Attorney General,

Counsel for the Commission.

Mr. BYRD. Mr. President, I have not time to discuss the other provisions, but I urge that it will not save a single dollar and will not result in the dismissal of a single employee. It is desirable that at least 25 percent economy may be effected in these reorganization programs.

Mr. DONNELL. Mr. President, I yield 5 minutes to the Senator from Massachusetts [Mr. SALTONSTALL].

The PRESIDING OFFICER. The Chair recognizes the Senator from Massachusetts for 5 minutes.

Mr. SALTONSTALL. Mr. President, I shall speak very briefly on this subject, from my experience as governor of one of the States dealing with this question.

In the first place, I believe that the whole subject should be administered in one department. I should be perfectly willing to have all the functions placed in the Labor Department. Perhaps that could be done under the Lodge-Brown study legislation which we passed last Friday.

What is the situation? The employers and employees in a State pay in money for unemployment compensation. That money is paid to the Federal Social Security Administration. They retain a very small percentage for administrative purposes. They send more money for administrative purposes to the various State government unemployment-compensation offices. The balance is held to the credit of the State in the Federal Government for purposes of unemployment compensation when needed. There is one director in the State for both employment and unemployment service. One of the great difficulties during the war, when the Federal Government took over the employment offices, was the fact that the employment end was operated by the Federal Government and unemployment compensation continued to be operated by the State government. As a consequence the same person could not be

employed in both functions. In Massachusetts—I do not know how it is in other States—the offices are the same. A person who is unemployed comes into the office in Worcester, for example, for his unemployment-compensation check. He can talk with the man who pays it out concerning his chances of obtaining a job, or at least with another man in the same office with reference to his getting a job. All requests from employers come into that one office. The whole subject is handled by one State director through one office, with local offices in various sections of the State. In Massachusetts I think there are either 27 or 29 offices. I am not sure of the number.

One of the great difficulties during the war, Mr. President, was in dealing with the Federal Government on administrative questions with relation to these offices. I believe that with one administrator in the State administering both functions, one man could deal with one person in one department of the Federal Government. That makes for efficiency, for economy, and for a smaller number of employees in the offices under the State government.

The junior Senator from Oregon [Mr. MORSE] in his remarks pointed out the various things which were being done for the benefit of the veteran and for the benefit of the nonveteran in connection with employment opportunities. The answer to his argument is that those things are done in the State under the direction of State officers. If they are being done well, the State offices should receive a very considerable amount of the credit for doing them. The suggestions which come from Washington are handled in the State. I believe these two functions handled in the State by one office, by one director, in various sections of the State, would have a better opportunity by dealing with one office in the Federal Government. Ultimately that may be the Department of Labor. For some reasons I hope it will be, but as long as it involves one function in the State we ought to keep it as one function in the Federal Government.

So I hope that the position of the Senator from Missouri [Mr. DONNELL] will be supported, and that the position of the Senator from Minnesota [Mr. BALL] in this matter will be rejected.

Mr. DONNELL. Mr. President, the opposition to this reorganization plan revolves around two propositions: First, that section 1 of the plan, which separates the United States Employment Service and the unemployment-compensation functions, is unwise and should not be placed in effect; second, that section 2, which undertakes to transfer certain functions from the Wage and Hour Division to the Secretary of Labor, likewise is unwise and should not be put into effect.

Mr. President, to my mind the observations of the distinguished senior Senator from Virginia [Mr. BYRD], who is known from one end of the United States to the other because of his faithful adherence to the principles of economy and efficiency, should not be disregarded by the Senate. It will be recalled that only

a few minutes ago the Senator from Virginia stated and repeated, in his simple yet courageous and straightforward language, that the reorganization plan will not save a single dollar, will not result in the dismissal of a single employee, and totally disregards that portion of the Reorganization Act itself which refers to contemplated savings of 25 percent as the result of the adoption of the plan. Mr. President, a warning such as that, one, which comes from the distinguished senior Senator from Virginia, should not go unheeded by the Senate.

In addition, we have the statement, made just a few minutes ago by the distinguished Senator from Massachusetts [Mr. SALTONSTALL], whose administration of the affairs of the governorship of the great State of Massachusetts is likewise known from coast to coast. His words should not be disregarded by the Senate, when he points out the importance of coordinating and combining, not separating, the functions of the Employment Service and unemployment compensation. Indeed, Mr. President, the observations of my good friend the distinguished Senator from Minnesota, in advocating the reorganization plan, were themselves significant, for it will be recalled that in the early portion of his remarks he stated in substance that he believes that the functions of unemployment compensation and Employment Service should, on the State level, be closely coordinated, and then, as my notes indicate, he said in substance that it probably would be preferable on the Federal level. Yet this section of the reorganization plan totally violates that idea of coordination, of union, of consolidation.

Earlier today I emphasized the fact that both the Secretary of Labor, Mr. Schwollenbach, and the head of the Social Security Administration, Mr. Watson Miller, the Federal Security Administrator, coincide in their position in regard to the proposition that the two functions should be united, and united not solely on the State level but also on the Federal level.

It was pointed out earlier today that Mr. Stanley Rector, president of the Interstate Conference of Employment Security Agencies, after an opportunity had been given to the representatives of the 48 States of the Union, found that 42 out of the 48 stated that the Federal administration of unemployment-compensation and employment-service functions should be in a single Federal department; 6 of them remained silent; but not one expressed a preference for administration of unemployment-compensation and employment-service functions by separate Federal agencies.

Then, Mr. President, it has been mentioned more than once today that in 1939 the President of the United States, the Honorable Franklin D. Roosevelt, had this to say—I shall quote only a portion of his statement—when he himself consolidated the functions of employment compensation and employment service under the Social Security Board:

in order that their similar and related functions of social and economic security may be placed under a single head and their internal operations simplified and integrated.

It will also be recalled that Mr. Roosevelt had this to say:

Not only will these similar functions—

Mr. President, I pause at this point because, today, although the distinguished minority leader did not say there is an utter dissimilarity, apparently he did not perceive the very close similarity which applies to a large portion of the activities of these agencies.

As I was saying, Mr. President, the President of the United States said:

Not only will these similar functions be more efficiently and economically administered at the Federal level by such grouping and consolidation, but this transfer and merger also will be to the advantage of the administration of State social-security programs and result in considerable saving of money in the administrative costs of the governments of the 48 States as well as those of the United States.

With that galaxy of experts—the Secretary of Labor, himself; the head of the Federal Security Agency, himself; Mr. Rector, head of the organization in the States, himself; and the President of the United States, himself, in 1939—all declaring themselves in favor of consolidation and unity, and with the distinguished senior Senator from Virginia [Mr. BYRD], advocate of economy and efficiency, pointing out repeatedly today the fact that this reorganization plan will not save a single dollar, will not result in the dismissal of a single employee, and totally disregards the contemplated 25 percent of saving, I ask whether there is any reason why this plan should be put into effect.

It seems to me that section 1 obviously violates the principles of consolidation and unity upon which the Reorganization Act itself, enacted last year or thereabouts, was and is based.

I pointed out earlier this afternoon that not only is this reorganization plan fatally defective, in my judgment, from the standpoint of section 1, but that section 2, which undertakes—whether successfully or not—to transfer to the Secretary of Labor the functions vested in the Wage and Hour Division, is likewise unwise because of the fact that with respect to matters with which not only labor is concerned but with which management is concerned, it would undertake to vest authority in an agency which by the provisions of a Federal statute is a guardian along labor lines only.

The Congress has recognized the fact that the Wage and Hour Administration Division is an independent agency. In the CONGRESSIONAL RECORD of June 14, 1938, the Senator from Utah [Mr. THOMAS], a Member of this great body, said:

With the powers of the administrative agency so limited, we decided to set up, in place of the administrative board provided in the Senate bill, an independent Administrator in the Labor Department.

And so he has been. He has been appointed by the President, he has been confirmed by the Senate, he has reported to the Congress, and has not been subordinate to the guardian in the interests of labor alone. So I say that section 2 is unwise.

It is also unwise for the further and practical reason that it disturbs and introduces into the portal-to-portal legislation conditions of the greatest uncertainty. The Congress passed the Portal-to-Portal Act in order to assure the public that reliance could be had upon the administrative rulings and practices of the Wage and Hour Administrator with respect to matters relating to the Fair Labor Standards Act. We made that provision in the Portal-to-Portal Act, which was the subject of great discussion and profound consideration. But now it is proposed that by this section we undertake to transfer these very functions from the Wage and Hour Administrator to the Secretary of Labor, and that immediately raises the question whether there will remain any official upon whose rulings in regard to such matters and practices anyone can rely with safety. But now the Secretary of Labor injects a further note of uncertainty, when he takes the position that the functions are not transferred.

Certainly this reorganization plan undertakes to introduce a tremendous amount of uncertainty into legislation involving billions of dollars of the people of this Nation. There is no showing of any great need for the adoption of this reorganization plan. The House of Representatives by voice vote on June 10 of this year repudiated it. I say that no affirmative reason why it should be adopted has been shown.

Mr. President, in view of the facts indicated by the senior Senator from Virginia—the evidence that not one dollar will be saved, that not a single employee will be dismissed, and that there is a total disregard of the idea of a 25 percent saving—and in view of the further fact that the proposed plan would inject into our economy the gravest of legal uncertainties, so that a business man could no longer rely upon the rulings under the Portal-to-Portal Act of 1947, I submit that the plan should be rejected.

Mr. President, I desire to make a parliamentary inquiry. House Concurrent Resolution 49 reads:

That the Congress does not favor the Reorganization Plan No. 2 of May 1, 1947, transmitted to Congress by the President on the first day of May 1947.

My inquiry is this: Does one who desires to vote for the reorganization plan vote "nay" upon this concurrence resolution, and does one who desires to vote against the President's plan vote "yea" on the resolution?

The PRESIDENT pro tempore. Senators who are opposed to the plan will vote "yea." Senators who are in favor of the plan will vote "nay."

Mr. DONNELL. I thank the Chair.

The PRESIDENT pro tempore. The time of the Senator has expired.

The question is on the adoption of House Concurrent Resolution 49.

Mr. DONNELL. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hill	O'Daniel
Ball	Hoey	O'Mahoney
Barkley	Holland	Overton
Bricker	Ives	Pepper
Brooks	Jenner	Reed
Buck	Johnson, Colo.	Revercomb
Bushfield	Johnston, S. C.	Robertson, Va.
Butler	Kilgore	Robertson, Wyo.
Byrd	Knowland	Russell
Capper	Langer	Saltonstall
Chavez	Lodge	Smith
Connally	Lucas	Sparkman
Cooper	McCarran	Stewart
Cordon	McCarthy	Taft
Donnell	McClellan	Taylor
Downey	McFarland	Thomas, Okla.
Dworshak	McGrath	Tydings
Eaton	McKellar	Umstead
Ellender	McMahon	Vandenberg
Ferguson	Magnuson	Watkins
Flanders	Malone	Wherry
Fulbright	Martin	White
Green	Millikin	Wiley
Gurney	Moore	Williams
Hatch	Morse	Wilson
Hawkes	Murray	Young
Hayden	Myers	
Hickenlooper	O'Connor	

The PRESIDENT pro tempore. Eighty-two Senators having answered to their names, a quorum is present.

The question is on agreeing to House Concurrent Resolution 49.

Mr. DONNELL. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BARKLEY. As I understand the situation, in view of the adverse report of the committee on the House concurrent resolution, those who favor the President's Reorganization Plan No. 2 will vote "nay" when the roll is called?

The PRESIDENT pro tempore. The Senator is correct.

Mr. DONNELL. Mr. President, may I supplement that by saying that those who desire to oppose the President's plan will vote "yea." Is that correct?

The PRESIDENT pro tempore. The Senator is correct. The Chair will summarize the situation. Senators who are opposed to the reorganization plan will vote "yea." Senators who are in favor of the plan will vote "nay." The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the senior Senator from New York [Mr. WAGNER]. On this vote I transfer that pair to the junior Senator from Washington [Mr. CAIN] and will vote. I vote "yea."

The roll call was concluded.

Mr. WHERRY. I announce that the Senator from Indiana [Mr. CAPEHART], who is necessarily absent, is paired with the Senator from South Carolina [Mr. MAYBANK]. The Senator from Indiana, if present and voting, would vote "yea" and the Senator from South Carolina, if present and voting, would vote "nay."

The Senator from Washington [Mr. CAIN], who is absent by leave of the Senate on official business, is paired with the Senator from New York [Mr. WAGNER]. The Senator from Washington, if present and voting, would vote "yea," and

the Senator from New York, if present and voting, would vote "nay."

The Senator from Missouri [Mr. KEM], who is absent by leave of the Senate, is paired with the Senator from Minnesota [Mr. THYE], who is absent by leave of the Senate on official business. The Senator from Missouri, if present and voting, would vote "yea" and the Senator from Minnesota, if present and voting, would vote "nay."

The Senator from New Hampshire [Mr. BRIDGES], who is necessarily absent, is paired with the Senator from Mississippi [Mr. EASTLAND]. The Senator from New Hampshire, if present and voting, would vote "yea," and the Senator from Mississippi, if present and voting, would vote "nay."

The Senator from Connecticut [Mr. BALDWIN] is absent on official business.

The Senator from Maine [Mr. BREWSTER] is necessarily absent, and the Senator from New Hampshire [Mr. TOBEY] is absent because of illness in his family.

Mr. LUCAS. I announce that the Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Mississippi [Mr. EASTLAND], who is absent on public business, is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting the Senator from Mississippi would vote "nay" and the Senator from New Hampshire would vote "yea."

The Senator from South Carolina [Mr. MAYBANK], who is absent on public business, is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from South Carolina would vote "nay," and the Senator from Indiana would vote "yea."

The Senator from Utah [Mr. THOMAS], who is absent by leave of the Senate, having been appointed a delegate to the International Labor Conference at Geneva, Switzerland, would vote "nay" if present.

The Senator from New York [Mr. WAGNER], who is absent because of illness, has a general pair with the Senator from Kansas [Mr. REED]. The transfer of that pair to the Senator from Washington [Mr. CAIN] has been previously announced by the Senator from Kansas. If present, the Senator from New York would vote "nay," and the Senator from Washington would vote "yea."

The result was announced—yeas 42, nays 40, as follows:

YEAS—42

Bricker	Hawkes	Reed
Brooks	Hickenlooper	Revercomb
Buck	Hoey	Robertson, Va.
Bushfield	Holland	Robertson, Wyo.
Butler	Ives	Saltonstall
Byrd	Jenner	Smith
Capper	Lodge	Taft
Cooper	McCarran	Vandenberg
Cordon	McCarthy	Watkins
Donnell	Malone	Wherry
Dworshak	Martin	White
Eaton	Millikin	Wiley
Ferguson	Moore	Williams
Gurney	O'Daniel	Wilson

NAYS—40

Aiken	Fulbright	Knowland
Ball	Green	Langer
Barkley	Hatch	Lucas
Chavez	Hayden	McClellan
Connally	Hill	McFarland
Downey	Johnson, Colo.	McGrath
Ellender	Johnston, S. C.	McKellar
Flanders	Kilgore	McMahon

Magnuson
Morse
Murray
Myers
O'Connor
O'Mahoney

Overton
Pepper
Russell
Sparkman
Stewart
Taylor

Thomas, Okla.
Tydings
Umstead
Young

NOT VOTING—13

Baldwin
Brewster
Bridges
Cain
Capehart

Eastland
George
Kem
Maybank
Thomas, Utah

Thye
Tobey
Wagner

So the concurrent resolution (H. Con. Res. 49) was agreed to.

Mr. DONNELL. Mr. President, I move that the vote by which House Concurrent Resolution 49 was agreed to be reconsidered.

Mr. TAFT. Mr. President, I raise a point of order.

The PRESIDING OFFICER. Under the statute the Senator's motion is not in order.

THE OIL SITUATION—NOTICE OF HEARING BEFORE PUBLIC LANDS COMMITTEE

Mr. BUTLER. Mr. President, in view of the great importance of oil to the economy and national security of the United States, and in view of the widespread reports of oil shortages at the present time, I wish to announce that the Public Lands Committee has begun an investigation of the oil situation. The investigation is being conducted by the Special National Resources Economic Subcommittee under the chairmanship of the Senator from Nevada, Mr. GEORGE W. MALONE. This committee is continuing the work of the former special Senate Petroleum Committee.

The inquiry will embrace all of the important factors bearing upon the production, refining, and distribution of petroleum and petroleum products. Special attention will be focused upon the differential of costs of production between domestic producers and foreign sources of supply, as well as upon the forces responsible for current shortages of oil-drilling supplies and transportation facilities required for marketing of oil.

Although the war has been over for 2 years, our transportation system seems less capable than it was during the war years of transporting oil to the destinations where it is required.

Leading representatives from all branches of the oil industry, as well as those Government officials responsible for our domestic and foreign petroleum policies, have been invited to appear at the hearings, which will commence on July 14 in the caucus room of the Senate Office Building.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the following bill and joint resolution of the Senate:

S. 715. An act to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide annuities for investigatory personnel of the Federal Bureau of Investigation who have rendered at least 20 years of service; and

S. J. Res. 139. Joint resolution to continue for a temporary period of 15 days certain controls now exercised by the President

under the Second War Powers Act, 1942, and under the Export Control Act.

The message also announced that the House had passed a bill (H. R. 3993) making appropriations for the legislative branch for the fiscal year ending June 30, 1948, and for other purposes.

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 21) authorizing a change in the enrollment of the joint resolution (S. J. Res. 77) providing for membership and participation by the United States in the International Refugee Organization and authorizing an appropriation therefor.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 77) providing for membership and participation by the United States in the International Refugee Organization and authorizing an appropriation therefor, and it was signed by the President pro tempore.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following communication and letters, which were referred as indicated:

PROPOSED PROVISION PERTAINING TO AN APPROPRIATION FOR DEPARTMENT OF AGRICULTURE (S. Doc. No. 71)

A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an appropriation for the Department of Agriculture in the form of an amendment to the budget for the fiscal year 1948 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROTECTION OF THE NATIONAL SECURITY

A letter signed by the Secretary of State, the Secretary of War, the Acting Secretary of the Navy, and the Chairman of the Atomic Energy Commission, transmitting a draft of proposed legislation to protect the national security of the United States by permitting the summary termination of employment of civilian officers and employees of the Departments of State, War, and the Navy, and the Atomic Commission, and for other purposes (with an accompanying paper); to the Committee on Armed Services.

AMENDMENT OF PHILIPPINE REHABILITATION ACT

A letter from the Under Secretary of State, transmitting a draft of proposed legislation to amend the Philippine Rehabilitation Act of 1946 in connection with the training of Filipinos as provided for in title III (with an accompanying paper); to the Committee on Labor and Public Welfare.

STATEMENT ON PENALTY MAIL

A letter from the Acting Postmaster General, transmitting, pursuant to law, a tabulation showing the number of envelopes, labels, and other penalty inscribed material on hand and on order June 30, 1946; the number of pieces procured, the estimated mailings, and the estimated cost by departments and agencies for the period July 1, 1946, to March 31, 1947 (with an accompanying paper); to the Committee on Civil Service.

ACTS OF THE LEGISLATURE OF PUERTO RICO

A letter from the Acting Secretary of the Interior, transmitting, pursuant to law, two

volumes containing the acts of the second and third special sessions and the acts of the third regular session of the Sixteenth Legislature of Puerto Rico (with accompanying volumes); to the Committee on Public Lands.

STATE RURAL REHABILITATION CORPORATIONS

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes (with an accompanying paper); to the Committee on Agriculture and Forestry.

REPORT OF FOREIGN-TRADE ZONES BOARDS

A letter from the Secretary of Commerce, transmitting, pursuant to law, the annual report of the Foreign-Trade Zones Board for the fiscal year ended June 30, 1946, together with the annual report of the city of New York covering operations of Foreign-Trade Zone No. 1, during the calendar year 1945 (with accompanying reports); to the Committee on Finance.

NATIONAL WEATHER SERVICE

A letter from the Acting Secretary of Commerce, transmitting a draft of proposed legislation to provide for the acceptance and use of funds for support of the National Weather Service supplementing the funds appropriated for the operation of the Weather Bureau of the Department of Commerce (with an accompanying paper); to the Committee on Interstate and Foreign Commerce.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. LANGER and Mr. CHAVEZ members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution of the General Assembly of the State of Pennsylvania; to the Committee on Finance:

"Resolution 67

"Whereas the amount of tax collected under the Federal Unemployment Insurance Act is considerably in excess of the total amount appropriated for grants-in-aid to the several States and required by such States for the administration of their respective unemployment compensation laws; and

"Whereas the total amount of such tax should properly be returned to the States for administration of their respective unemployment compensation laws and the payment of benefits to unemployed workers: Therefore be it

"Resolved (if the senate concurs), That the General Assembly of the Commonwealth of Pennsylvania hereby respectively memorializes the Congress of the United States to enact the necessary Federal legislation whereby all moneys collected from Pennsylvania employers under the Federal Unemployment Tax Act are returned to the Commonwealth for the administration of the Pennsylvania unemployment compensation law: *Provided,* That any such moneys in excess of the amount required for administration are transferred to the unemployment compensa-

tion account for the payment of benefits to unemployed Pennsylvania workers."

A resolution of the General Assembly of the State of Pennsylvania to the Committee on Foreign Relations:

"Resolution 27

"Whereas the St. Lawrence seaway and power project will produce no practical benefits for the people of the two countries it is designed to serve; and

"Whereas the General Assembly and the citizens of this State are greatly concerned about the effect the completion of this project would have upon them; and

"Whereas the construction of the project would burden the taxpayers of this Commonwealth and the United States with an initial sum estimated at from \$543,000,000 to \$1,350,000,000, and experience in similar public works would indicate that this project would cost much more; and

"Whereas existing facilities, the Welland Canal, which bypasses Niagara Falls, and the Great Lakes channels, amply provide for the present lake traffic. The railroads on both sides in the United States and Canada have demonstrated that they are prepared to handle all through traffic offered; and

"Whereas, with its channels closed to navigation for about 5 months of the year due to ice and weather conditions, it would be unreasonable to expect the railroads to perform the required service during the period that navigation is closed and to be in a position to handle the peak load. The railroads would be required to maintain equipment that would be idle or little used for 60 percent of the time and have the added problem of maintaining the personnel organization. Great numbers would have to seek employment elsewhere while tonnage was moved by Government-subsidized competitors. This situation would greatly affect the ports of Erie and Philadelphia; and

"Whereas seagoing boats cannot travel this great distance for nothing and the saving in transportation costs would be exceedingly small if any; and

"Whereas it would be disastrous to Great Lake shipping, injurious to American rail, highway, and inland waterways services, and seriously harmful to the American coal and iron-ore industries; and

"Whereas electrical energy that would be generated could only be used at nearby points, as it has been demonstrated that the cost of transmission over long distances greatly exceeds that generated locally; and

"Whereas such an agreement if ratified would reduce the exportation of manufacturing, mining, and agricultural products of this Commonwealth and result in loss of employment and contribute to increase taxation: Therefore be it

"Resolved (if the senate concurs), That the General Assembly of Pennsylvania hereby memorializes the Congress of the United States not to approve the agreement for the construction of the St. Lawrence seaway and power project; and be it further

"Resolved, That copies of this resolution be transmitted by the chief clerk of the house to the President of the United States, the Presiding Officers of each House of the Congress of the United States, and to each Senator and Representative from Pennsylvania in the Congress of the United States."

A resolution of the General Assembly of the State of Pennsylvania; ordered to lie on the table:

"Resolution 56

"Whereas the United States Marine Corps has been a shining example of faithful and efficient service to our Nation for more than 172 years; and

"Whereas the United States Marine Corps has been a source of strength whenever our Nation has been threatened; and

"Whereas the United States Marine Corps possessed a vision to develop the science of

waging amphibious warfare which knowledge permitted our Nation's offensive might to be carried to enemy shores and which proved to be the key to victory in a global war; and

"Whereas 50,872 of the young men of this Commonwealth of Pennsylvania have served our Nation during World War II in the United States Marine Corps; and

"Whereas the United States Marine Corps is threatened with extinction if the merger bill now pending in the Congress of the United States is passed in its present form; and

"Whereas the abolition of the United States Marine Corps would be a disastrous loss to our Nation: Therefore be it

"Resolved (if the senate concurs), That the existence of the United States Marine Corps be assured by amendment to any merger bill such amendment specifically providing that the United States Marine Corps shall continue to serve as our Nation's amphibious troops and as a force in instant readiness to protect our Nation; and be it further

"Resolved, That the chief clerk of the house of representatives is hereby directed to forward certified copies of this resolution to the President of the United States, the President pro tempore of the United States Senate, the Speaker of the House of Representatives of the United States, the Secretary of the Navy, the Commandant of the United States Marine Corps, and members of the congressional delegation from the Commonwealth of Pennsylvania."

A petition of the Arizona-United States of America Cancer Cure Society, signed by James O. McDowell, founder, and Hugh R. Carson, director, Bisbee, Ariz., relating to the cure for cancer; to the Committee on Labor and Public Welfare.

By Mr. BUTLER:

A resolution of the Legislature of the State of Nebraska; to the Committee on Finance:

"Legislative Resolution 22

"Resolution on development and administration of the assistance programs

"Whereas in the administration of the social program for assistance to the aged, the blind, and dependent children, each State has its own peculiar problems; and

"Whereas such State administration is often hampered and made more expensive by general rules formulated by the Federal Government and required to be carried out as a condition for receiving Federal aid; and

"Whereas more efficient and economical administration could be obtained if the several States were given greater authority in developing and administering the assistance program and conforming same to the special needs of each individual State: Now, therefore, be it

"Resolved by the sixtieth session of the Nebraska State Legislature:

"1. That the Council of State Governments, by and through its appropriate agencies, seek to obtain from the Congress of the United States modification of Federal legislation to the end that greater autonomy may be given to the several States in the development and administration of the assistance programs.

"2. That a copy of this resolution duly certified, be sent by the clerk of the legislature to the director of the Council of State Governments, and to each of the Members from Nebraska in the Congress of the United States.

"Introduced June 2, 1947, and adopted June 3, 1947."

PROHIBITION AGAINST LIQUOR ADVERTISING

Mr. CAPPER. Mr. President, I have received a letter from Rev. Herbert T. Punchard, of the First Baptist Church of Troy, Pa., informing me of the action of

REORGANIZATION PLAN NO. 3 of 1947

May 27, 1947	Message from the President of the United States transmitting Reorganization Plan No. 3 of 1947. House Document 270. Print of the Document.
June 3, 1947	House Concurrent Resolution 51 was submitted by Rep. Hoffman and was referred to the House Committee on Expenditures in the Executive Departments. Print of the Resolution.
June 9, 1947	Hearings: House, H. Con. Res. 51.
June 12, 1947	House Committee reported H. Con. Res. 51 without amendment. House Report 580. Print of the Resolution as reported.
June 18, 1947	House discussed and agreed to H. Con. Res. 51 as reported.
June 19, 1947	H. Con. Res. 51 was referred to the Senate Committee on Banking and Currency. Print of the Resolution as referred.
June 30, 1947	Senate Committee reported H. Con. Res. 51 unfavorably. Senate Report 400. Print of the Resolution as reported.
July 22, 1947	Senate debated and disagreed to H. Con. Res. 51.

Note: H. Con. Res. 51 was against adoption of the Plan, therefore, Plan 3 was approved by Congress.

REORGANIZATION PLAN NO. 3 OF 1947

M E S S A G E

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

REORGANIZATION PLAN NO. 3 OF 1947

MAY 27, 1947.—Referred to the Committee on Expenditures in the Executive Departments and ordered to be printed

To the Congress of the United States:

I am transmitting herewith Reorganization Plan No. 3 of 1947, prepared in accordance with the Reorganization Act of 1945. This plan deals solely with housing. It simplifies, and increases the efficiency of, the administrative organization of permanent housing functions and provides for the administration of certain emergency housing activities pending their liquidation. I have found, after investigation, that each reorganization contained in this plan is necessary to accomplish one or more of the purposes set forth in section 2 (a) of the Reorganization Act of 1945.

The provision of adequate housing will remain a major national objective throughout the next decade. The primary responsibility for meeting housing needs rests, and must continue to rest, with private industry, as I have stated on other occasions. The Federal Government, however, has an important role to play in stimulating and facilitating home construction.

Over the years the Congress has provided for a number of permanent housing programs, each involving a special approach to the basic objective of more adequate housing for our citizens. The Congress first enacted a series of measures to facilitate home construction and home ownership by strengthening the savings and loan type of home-financing institution. These measures established a credit reserve system for such agencies, authorized the chartering of Federal savings

and loan associations to provide more adequate home financing facilities, and provided for the insurance of investments in savings and loan institutions in order to attract savings into this field. The Congress also created a system for the insurance of home loans and mortgages to stimulate the flow of capital into home-mortgage lending and thereby facilitate home ownership and improvement and increase home construction. These measures were supplemented by legislation extending financial assistance to local communities for the clearance of slums and the provision of decent housing for families of low income who otherwise would be forced to live in the slums. It is significant that these programs were first established, and have been continued, by the Congress because of their special contributions to home construction and improvement.

In my message of January 6 on the state of the Union, I recommended legislation establishing certain additional programs to help to alleviate the housing shortage and achieve our national objective of a decent home and a suitable living environment for every American family. No lesser objective is commensurate with the productive capacity and resources of the country or with the dignity which a true democracy accords the individual citizen. The Congress is now considering measures authorizing these programs. I again recommend the early enactment of this legislation.

But whatever may be the permanent housing functions of the Government, whether they be confined to the existing programs or supplemented as the Congress may determine, they are inevitably interrelated. They require coordination and supervision so that each will render its full contribution without conflict with the performance of other housing functions.

The Government, however, lacks an effective permanent organization to coordinate and supervise the administration of its principal housing programs. These programs and the machinery for their administration were established piecemeal over a period of years. The present consolidation of housing agencies and functions in the National Housing Agency is only temporary. After the termination of title I of the First War Powers Act this agency will dissolve and the agencies and functions now administered in it will revert to their former locations in the Government. When this occurs, the housing programs of the Government will be scattered among some 13 agencies in 7 departments and independent establishments.

I need hardly point out that such a scattering of these interrelated functions would not only be inefficient and wasteful but also would seriously impair their usefulness. It would leave the Government without effective machinery for the coordination and supervision of its housing activities and would thrust upon the Chief Executive an impossible burden of administrative supervision.

The grouping of housing functions in one establishment is essential to assure that the housing policies established by the Congress will be carried out with consistency of purpose and a minimum of friction, duplication, and overlapping. A single establishment will unquestionably make for greater efficiency and economy. Moreover, it will simplify the task of the Congress and the Chief Executive by enabling them to deal with one official and hold one person responsible for the general supervision of housing functions, whereas otherwise they will be forced to deal with a number of uncoordinated officers and agencies.

It is vital that a sound permanent organization of housing activities be established at the earliest possible date in order to insure that housing functions will not be scattered among numerous agencies, with consequent confusion and disruption. To avoid this danger, and to accomplish the needed changes promptly, it is desirable to employ a reorganization plan under the Reorganization Act of 1945. No other area of Federal activity affords greater opportunity than housing for accomplishing the objectives of the Reorganization Act to group, consolidate, and coordinate functions, reduce the number of agencies, and promote efficiency and economy; and in no other area could the application of the Reorganization Act be more appropriate and necessary.

In brief, this reorganization plan groups nearly all of the permanent housing agencies and functions of the Government, and the remaining emergency housing activities, in a Housing and Home Finance Agency, with the following constituent operating agencies: (a) A Home Loan Bank Board to administer the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the functions of the Federal Home Loan Bank Board and its members; (b) a Federal Housing Administration with the same functions as now provided by law for that agency; and (c) a Public Housing Administration to take over the functions of the United States Housing Authority and certain remaining emergency housing activities pending the completion of their liquidation. Each constituent agency will possess its individual identity and be responsible for the operation of its program.

By reason of the reorganizations made by the plan, I have found it necessary to include therein provisions for the appointment of (1) an Administrator to head the Housing and Home Finance Agency, (2) the three members of the Home Loan Bank Board, and (3) two Commissioners to head the Federal Housing Administration and the Public Housing Administration, respectively. Each of these officers is to be appointed by the President by and with the advice and consent of the Senate.

The plan places in the Housing and Home Finance Administrator the functions heretofore vested in the Federal Loan Administrator and the Federal Works Administrator with respect to the housing agencies and functions formerly administered within the Federal Loan and Federal Works Agencies, together with supervision and direction of certain emergency housing activities for the remainder of their existence.

Under the plan the Home Loan Bank Board and the Federal Housing Administration will have the same status in, and relation to, the Housing and Home Finance Agency and the Housing and Home Finance Administrator as the Federal Home Loan Bank Board, and its related agencies, and the Federal Housing Administration formerly had to the Federal Loan Agency and the Federal Loan Administrator. Similarly, the Public Housing Administration will have the same status in, and relation to, the Housing and Home Finance Agency and the Administrator as the United States Housing Authority formerly had to the Federal Works Agency and the Federal Works Administrator.

Since there are a few housing activities which it is not feasible to place within the Housing and Home Finance Agency because they form integral parts of other broad programs or because of specific

limitations in the Reorganization Act of 1945, the plan also creates a National Housing Council on which the Housing and Home Finance Agency and its constituent agencies, and the other departments and agencies having important housing functions, are represented. In this way the plan provides machinery for promoting the most effective use of all the housing functions of the Government, for obtaining consistency between these functions and the general economic and fiscal policies of the Government, and for avoiding duplication and overlapping of activities.

To avoid a hiatus in the administration of housing functions, pending the confirmation by the Senate of the new officers provided for by the plan, it permits the designation by the President of appropriate existing housing officials to perform temporarily the functions of these officers. This period should be brief, as I shall promptly submit nominations for the permanent officers.

Under the limitations contained in the Reorganization Act of 1945, the compensation of the Housing and Home Finance Administrator and the other officers provided for by the plan, cannot be fixed at a rate in excess of \$10,000 per annum. Both the temporary National Housing Administrator, provided for by Executive Order No. 9070 and the Federal Housing Administrator, have received salaries of \$12,000 a year. I do not consider the salary of \$10,000 provided in the plan as compensation commensurate with the responsibilities of the Administrator, the members of the Home Loan Bank Board, and the Commissioners of the other constituent agencies, or consistent with a salary scale which must be paid if the Government is to attract and retain public servants of the requisite caliber. Accordingly, I recommend that the Congress act to increase the salary of the Housing and Home Finance Administrator to \$15,000 per annum, and to increase the salaries of the members of the Home Loan Bank Board and the two Commissioners provided for by this plan to \$12,000 per annum.

The essential and important difference between the organization established by the plan and the prewar arrangement, to which housing agencies and functions would otherwise automatically revert on the termination of title I of the First War Powers Act, is that under the old arrangement these agencies and functions were scattered among many different establishments primarily dealing with matters other than housing, whereas under the plan the major permanent housing programs are placed in a single establishment concerned exclusively with housing. Thus, the plan effectuates the basic objective enunciated by the Congress in the Reorganization Act of 1945 of grouping agencies and functions by major purpose, and provides the necessary framework for a more effective administration of Federal housing activities in the postwar period.

HARRY S. TRUMAN.

THE WHITE HOUSE, May 27, 1947.

REORGANIZATION PLAN NO. 3 OF 1947

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, May 27, 1947, pursuant to the provisions of the Reorganization Act of 1945, approved December 20, 1945

HOUSING AND HOME FINANCE AGENCY

SECTION 1. *Housing and Home Finance Agency.*—The Home Owners' Loan Corporation, the Federal Savings and Loan Insurance Corporation, the Federal Housing Administration, the United States Housing Authority, the Defense Homes Corporation, and the United States Housing Corporation, together with their respective functions, the functions of the Federal Home Loan Bank Board, and the other functions transferred by this plan, are consolidated, subject to the provisions of sections 2 to 5, inclusive, hereof, into an agency which shall be known as the Housing and Home Finance Agency. There shall be in said Agency constituent agencies which shall be known as the Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Administration.

SEC. 2. *Home Loan Bank Board.*—(a) The Home Loan Bank Board shall consist of three members appointed by the President by and with the advice and consent of the Senate. Not more than two members of the Board shall be members of the same political party. The President shall designate the members of the Board first appointed hereunder to serve for terms expiring, respectively, at the close of business on June 30, 1949, June 30, 1950, and June 30, 1951, and thereafter the term of each member shall be four years. Whenever a vacancy shall occur among the members the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the member whose place he is selected to fill. Each of the members of the Board shall receive compensation at the rate of \$10,000 per annum.

(b) The President shall designate one of the members of the Home Loan Bank Board as Chairman of the Board. The Chairman shall (1) be the chief executive officer of the Board, (2) appoint and direct the personnel necessary for the performance of the functions of the Board or of the Chairman or of any agency under the Board, and (3) designate the order in which the other members of the Board shall, during the absence or disability of the Chairman, be Acting Chairman and perform the duties of the Chairman.

(c) Except as otherwise provided in subsection (b) of this section there are transferred to the Home Loan Bank Board the functions (1) of the Federal Home Loan Bank Board, (2) of the Board of Directors of the Home Owners' Loan Corporation, (3) of the Board of Trustees of the Federal Savings and Loan Insurance Corporation, (4) of any member or members of any of said Boards, and (5) with respect to the dissolution of the United States Housing Corporation.

SEC. 3. *Federal Housing Administration*.—The Federal Housing Administration shall be headed by a Federal Housing Commissioner who shall be appointed by the President, by and with the advice and consent of the Senate, and receive compensation at the rate of \$10,000 per annum. There are transferred to said Commissioner the functions of the Federal Housing Administrator.

SEC. 4. *Public Housing Administration*.—The Public Housing Administration shall be headed by a Public Housing Commissioner who shall be appointed by the President, by and with the advice and consent of the Senate, and receive compensation at the rate of \$10,000 per annum. There are transferred to said Commissioner the functions—

(a) Of the Administrator of the United States Housing Authority (which agency shall hereafter be administered and known as the Public Housing Administration);

(b) Of the National Housing Agency with respect to non-farm-housing projects and other properties remaining under its jurisdiction pursuant to section 2 (a) (3) of the Farmers' Home Administration Act of 1946 (Public Law 731, Seventy-ninth Congress, approved August 14, 1946); and

(c) With respect to the liquidation and dissolution of the Defense Homes Corporation.

SEC. 5. *Housing and Home Finance Administrator*.—(a) The Housing and Home Finance Agency shall be headed by a Housing and Home Finance Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$10,000 per annum.

(b) The Administrator shall be responsible for the general supervision and coordination of the functions of the constituent agencies of the Housing and Home Finance Agency and for such purpose there are transferred to said Administrator the functions of the Federal Loan Administrator and the Federal Works Administrator (1) with respect to the Federal Home Loan Bank Board, the Home Owners' Loan Corporation, the Federal Savings and Loan Insurance Corporation, the Federal Housing Administration, and the United States Housing Authority, and (2) with respect to the functions of said agencies.

(c) There are also transferred to the Administrator the functions—

(1) Of holding on behalf of the United States the capital stock of the Defense Homes Corporation;

(2) Under titles I and III, and sections 401, 501, and 502, of the Act of October 14, 1940 (54 Stat. 1125), as amended;

(3) Of the War and Navy Departments with respect to national defense and war housing (except that located on military or naval posts, reservations, or bases) under the Act of September 9, 1940 (54 Stat. 872), as amended; and

(4) Of all agencies designated to provide temporary shelter in defense areas under the Acts of March 1, 1941, May 24, 1941, and December 17, 1941 (55 Stat. 14, 197, and 810), insofar as such functions relate to such temporary shelter.

SEC. 6. *National Housing Council*.—There shall be in the Housing and Home Finance Agency a National Housing Council composed of the Housing and Home Finance Administrator as Chairman, the Federal Housing Commissioner, the Public Housing Commissioner,

the Chairman of the Home Loan Bank Board, the Administrator of Veterans' Affairs or his designee, the Chairman of the Board of Directors of the Reconstruction Finance Corporation or his designee, and the Secretary of Agriculture or his designee. The National Housing Council shall serve as a medium for promoting, to the fullest extent practicable within revenues, the most effective use of the housing functions and activities administered within the Housing and Home Finance Agency and the other departments and agencies represented on said Council in the furtherance of the housing policies and objectives established by law, for facilitating consistency between such housing functions and activities and the general economic and fiscal policies of the Government, and for avoiding duplication or overlapping of such housing functions and activities

SEC. 7. *Interim appointments.*—Pending the initial appointment hereunder of any officer provided for by this plan, the functions of such officer shall be performed temporarily by such officer of the existing National Housing Agency as the President shall designate.

SEC. 8. *Transfers of property, personnel, and funds.*—The assets, contracts, property, records, personnel, and unexpended balances of appropriations, authorizations, allocations, or other funds, held, employed, or available or to be made available in connection with functions transferred by this plan are hereby transferred with such transferred functions, respectively.

SEC. 9. *Abolitions.*—The Federal Home Loan Bank Board, the Board of Directors of the Home Owners' Loan Corporation, and the Board of Trustees of the Federal Savings and Loan Insurance Corporation, together with the offices of the members of said boards, the office of Federal Housing Administrator, and the office of Administrator of the United States Housing Authority, are abolished.



80TH CONGRESS
1ST SESSION

H. CON. RES. 51

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 1947

MR. HOFFMAN submitted the following concurrent resolution; which was referred to the Committee on Expenditures in the Executive Departments

CONCURRENT RESOLUTION

1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That the Congress does not favor the Reorgani-
3 zation Plan Numbered 3 of May 27, 1947, transmitted to
4 Congress by the President on the 27th day of May 1947.

80TH CONGRESS
1ST Session

H. CON. RES. 51

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 3 of May 27, 1947.

By Mr. HOFFMAN

JUNE 3, 1947

Referred to the Committee on Expenditures in the
Executive Departments

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued June 13, 1947
For actions of June 12, 1947
80th-1st, No. 111

CONTENTS

Appropriations.....	2	Flood control.....	2,3,18,23	Personnel.....	7,21,32
Assistant Secretary.....	10	Foreign affairs..	1,12,29,30	Prices, support.....	1
Audit.....	16	Fruits and vegetables..	26,29	Regional authorities.....	18
Communications.....	14	Housing.....	5	Sugar.....	2,4,8
Crop insurance.....	25	Lands, reclamation....	15,27	Trade, foreign.....	26
Education.....	13,28,30	Loans.....	13	Transportation.....	11,17
Electrification.....	19,31	Marketing.....	6	Veterans' benefits.....	13
Expenditures.....	33	Organization, executive...	5	Water utilization.....	24
Federal aid.....	28	Payments in lieu of taxes.	9	Wildlife.....	22
Fertilizers.....	20			Wool.....	1

HIGHLIGHTS: House received conference report on wool bill; conferees agreed to House bill, except for modified import-control provision making Sec. 22 applicable to wool but preventing this from interfering with existing international agreements. House passed deficiency appropriation bill; reduced sugar item, discussed reasons for ending sugar rationing. House committee reported bill to facilitate authorization for USDA flood-control surveys. Senate committee reported on investigation of payments in lieu of taxes. Sen. Butler urged removal of remaining sugar controls.

HOUSE

1. WOOL-PRICE SUPPORTS. Received the conference report on S. 314, the wool bill (p. 7064). The modified bill is the same as passed by the House except for a change in the import-control provision. As changed, the bill would make Sec. 22 of the AAA Act applicable to wool programs under the bill provided that no action under this provision shall be in contravention of "any treaty or international agreement to which the United States is now a party."
2. SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1947. Passed with amendments this bill, H.R. 3791 (pp. 7042-7). Agreed to an amendment by Rep. Taber, N.Y., to reduce the sugar item from \$415,000 to \$215,000 (pp. 7042-5). During debate on the sugar amendment there was discussion as to why sugar rationing was ended. No other amendments were agreed to affecting this Department. Agreed to an amendment by Rep. Taber to provide \$12,000,000 for emergency flood-control work by the War Department (pp. 7045-7). For provisions of the bill, see Digest 110.
3. FLOOD CONTROL. The Public Works Committee reported without amendment H.R. 3146, to authorize the Agriculture Department to make flood control examinations and surveys of watersheds concerning which the War Department is authorized to make such surveys regarding the waterways, and authorizes this Department to make supplemental flood control reports when requested by either Public Works Committee (H.Rept. 583) (p. 7065).
Passed without amendment H.R. 3792, to authorize appropriation of \$15,000,000 for emergency flood-control work by the War Department (p. 7033). See item 2 for appropriation.
4. SUGAR CONTROLS. Reps. Rich, Rayburn, and Keefe discussed the reasons for ending

sugar rationing (p. 7034).

5. REORGANIZATION. The Expenditures in the Executive Departments Committee reported without amendment H.Con. Res. 51, to disapprove the President's Reorganization Plan 3, regarding housing (H.Rep. 580) (p. 7042).
6. MARKETING AGREEMENTS. The Agriculture Committee ordered reported* H.R. 452, to amend the Marketing Agreement Act so as to permit marketing agreements and orders to operate under certain conditions when the seasonal average price is above parity, make provisions of the act applicable to any agricultural commodity, permit a requirement of compulsory inspection, authorize the levying of assessments when no regulation is in effect, and include additional commodities by a referendum vote of the majority of the producers of a commodity (p. D370).

*Copies of the bill and report will not be available until the bill is actually reported, when this Digest will include a statement to that effect.

7. PERSONNEL; RETIREMENT. The Post Office and Civil Service Committee ordered reported H.R. 1995, to amend the Civil Service Retirement Act so as to provide for return of retirement deductions to employees separated, or transferred to positions not within the purview of the act, before completing 10 years of service (p. D371).

*Copies of the bill and report will not be available until the bill is actually reported, when this Digest will include a statement to that effect.

SENATE

8. SUGAR CONTROLS. Sen. Butler, Nebr., urged removal of the remaining controls on sugar (price control and industrial allocation) by withholding funds for the administration of these controls after June 30, 1947 (pp. 7026-7).
9. PAYMENTS IN LIEU OF TAXES. The Public Lands Committee submitted a report of an investigation of contributions to local governments on account of nontaxable Federal lands located within the jurisdiction of such governments (S.Rept. 270) (p. 6995).
10. ASSISTANT SECRETARY. The Daily Digest states that the Interstate and Foreign Commerce Committee "approved S. 1421, authorizing the appointment of an additional Assistant Secretary of Commerce" (p. D368).
11. TRANSPORTATION. Continued debate on S. 110, to amend the ICC act regarding agreements between carriers (pp. 7005-29).
The Interstate and Foreign Commerce Committee reported with an amendment S. 1297, to extend the authority under title III of the Second War Powers Act for the operation of ODT until Jan. 31, 1948 (S.Rept. 264) (pp. 6995, D368).
12. FOREIGN RELIEF. The Foreign Relations Committee reported without amendment S.J. Res. 124, to enable the President to utilize the appropriations for U.S. participation in the work of UNRRA for meeting administrative expenses of Government agencies in connection with the liquidation of UNRRA (S.Rept. 266) (p. 6995).
13. VETERANS' BENEFITS; EDUCATION. The Labor and Public Welfare Committee reported without amendment S. 1392, to prescribe certain dates for the purpose of determining eligibility of veterans for vocational rehabilitation, and for education, training, guaranty of loans, and readjustment allowances under the Servicemen's Readjustment Act of 1944 (S.Rept. 268) (p. 6995).
14. GOVERNMENT COMMUNICATIONS. The Daily Digest states that the Interstate and For-

the First World War he proved it on the battlefield.

But they do not like him because he is not communistic enough. He is not willing to join in their efforts to undermine and destroy America.

Last year they tried to force out the FEPC bill, which is the chief plank in the Communist platform. They finally did manage to force it through the Legislature of the State of New York, and succeeded in driving the businessmen of that State underground, so to speak. They are trying now to figure out every way in the world to operate under it, or in spite of it.

They took it to California and put it on the ballot there, and it was defeated by more than a million votes. It was defeated by a majority in every single county in California. Yet the same element that supported that measure, the same element in Hollywood that spreads communism through the moving pictures and virtually defies the Government of the United States in their efforts to undermine and destroy the morals of the youth of America defiantly attempts to keep from complying with the laws of the land, even when the Committee on Un-American Activities go there to investigate them.

The best people in California sent me a petition, which I threw across this House here for you to see. It had signed to it thousands of names, protesting against the condition in Hollywood and begging us to do something about it.

They called attention to the Communist infiltration there. Letters have poured in from the best people in California urging that something be done. We sent out investigators there. I did not go, but the chairman and another member and two of the investigators did go. Those men who are disturbed over this Communist infiltration into the moving pictures came before that committee and told a story that, when made public, is sufficient to arouse the Christian people of America from one end of the country to the other.

Yet they call us the "Un-American" Committee.

Such attacks are not going to take place on this floor unchallenged as long as I am a Member of this House. Such insulting remarks with reference to the Committee on Un-American Activities are not going unnoticed.

The members of this committee are doing everything possible to protect this country from the enemies within our gates, and we are entitled to the support of every Member of this House.

For that reason, I demanded that the gentleman's words be taken down and moved that they be stricken forever from the CONGRESSIONAL RECORD.

On that, Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion to strike out the objectionable words.

The motion was agreed to.

COMMITTEE ON PUBLIC LANDS

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 94 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of the investigations to be made pursuant to House Resolution 93, by the Committee on Public Lands (now comprised of the six former committees on Insular Affairs, Territories, Public Lands, Irrigation and Reclamation, Mines and Mining, and Indian Affairs), acting as a whole or by subcommittee, not to exceed \$25,000, including expenditures for the employment of stenographic and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee or subcommittee, signed by the chairman of such committee or subcommittee, and approved by the Committee on House Administration.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 163), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That, effective from January 3, 1947, the expenses of conducting the investigation authorized by House Resolution 318 of the Seventy-ninth Congress continued under authority of House Resolution 153 of the Eightieth Congress, incurred by the Committee on Interstate and Foreign Commerce, acting as a whole or by subcommittee, not to exceed \$25,000, including expenditures for the employment of experts and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee or subcommittee, signed by the chairman of such committee or subcommittee, and approved by the Committee on House Administration.

SEC. 2. The official stenographers to committees may be used at all hearings held by such committee or subcommittee in the District of Columbia unless otherwise officially engaged.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 228), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of the investigation and study to be conducted pursuant to House Resolution 195, by the Committee on the District of Columbia, acting as a whole or by subcommittee, not to exceed \$15,000, including expenditures for the employment of investigators, attorneys, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on voucher authorized by such

committee or subcommittee, signed by the chairman of such committee or subcommittee, and approved by the Committee on House Administration.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 177), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the studies and investigations authorized by House Resolution 176, Eightieth Congress, incurred by the Committee on Post Office and Civil Service, acting as a whole or by subcommittee, not to exceed \$25,000, including expenditures for printing and binding, employment of such experts, and such clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by said committee and signed by the chairman of the committee, and approved by the Committee on House Administration.

SEC. 2. The official committee reporters may be used at all hearings held in the District of Columbia, if not otherwise officially engaged.

With the following committee amendment:

Page 1, line 5, strike out the words "printing and"; line 6, strike out the word "binding."

The committee amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DEPARTMENT OF STATE

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 185), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the studies and investigations with respect to the activities of the Department of State in connection with the number of its personnel and the efficiency and economy of its operations incurred by the subcommittee of the Committee on Expenditures in the Executive Departments not to exceed \$10,000, including expenditures for printing and binding, employment of such experts, special counsel, and such clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by said subcommittee and signed by the chairman of the subcommittee, and approved by the Committee on House Administration.

SEC. 2. The official committee reporters may be used at all hearings held in the District of Columbia, if not otherwise officially engaged.

With the following committee amendment:

Page 1, line 4, after the word "operations", insert the words "authorized by rule XI (1) (h)."

Line 7, strike out the words "printing and binding."

The committee amendment was agreed to.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REVISED EDITION OF ANNOTATED CONSTITUTION OF UNITED STATES

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up Senate Joint Resolution 69, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Whereas the Annotated Constitution of the United States of America published in 1938 as Senate Document 232, Seventy-fourth Congress, has served a very useful purpose by supplying essential information in one volume and at a very reasonable price; and

Whereas Senate Document 232 is no longer available at the Government Printing Office; and

Whereas the reprinting of this document without annotations for the last 10 years is not considered appropriate: Now, therefore, be it

Resolved, etc., That the Librarian of Congress is hereby authorized and directed to have the Annotated Constitution of the United States of America, published in 1938, revised and extended to include annotations of decisions of the Supreme Court prior to January 1, 1948, construing the several provisions of the Constitution correlated under each separate provision, and to have the said revised document printed at the Government Printing Office. Three thousand copies shall be printed, of which 2,200 copies shall be for the use of the House of Representatives and 800 copies for the use of the Senate.

SEC. 2. There is hereby authorized to be appropriated for carrying out the provisions of this act, with respect to the preparation but not including printing, the sum of \$35,000, to remain available until expended.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

RELIEF OF PEARL COX

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged resolution (H. Res. 233), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there shall be paid out of the contingent fund of the House to Pearl Cox, wife of Milton R. Cox, late an employee of the House, an amount equal to 6 months' salary at the rate he was receiving at the time of his death, and an additional amount not to exceed \$250 toward defraying the funeral expenses of the said Milton R. Cox.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON LABOR-MANAGEMENT RELATIONS ACT, 1947

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 245) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there be printed 12,000 additional copies of House Report No. 510, current Congress, being the conference report on the bill (H. R. 3020) entitled "Labor-Management Relations Act, 1947," of which 1,000 copies shall be for the use of the Senate Committee on Labor and Public Welfare, 3,000 copies for the use of the House Committee on Education and Labor, 2,000 copies for the Senate document room, and 6,000 copies for the House document room.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REORGANIZATION PLAN NO. 3

Mr. HOFFMAN, from the Committee on Expenditures in the Executive Departments, submitted the following privileged report (H. Con. Res. 51) against the adoption of Reorganization Plan No. 3, which was referred to the Union Calendar and ordered to be printed:

Resolved by the House of Representatives (the Senate concurring), That the Congress does not favor the Reorganization Plan No. 3 of May 27, 1947, transmitted to Congress by the President on the 27th day of May 1947.

SECOND DEFICIENCY APPROPRIATION BILL

Mr. TABER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3791) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes.

Pending that motion I ask unanimous consent that general debate on the bill be limited to 20 minutes, one-half to be controlled by myself and one-half by the gentleman from Missouri.

Mr. CANNON. I suggest the gentleman modify his request to read "not to exceed."

Mr. TABER. I so modify my request, Mr. Speaker.

The SPEAKER. The gentleman from New York asks unanimous consent that general debate on the bill be limited to not to exceed 20 minutes, the time to be equally divided between himself and the gentleman from Missouri [Mr. CANNON]. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3791) making appropriation to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes, with Mr. AUGUST H. ANDRESEN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from New York [Mr. TABER] is recognized for 10 minutes.

Mr. TABER. Mr. Chairman, this bill involves a total of about \$58,000,000. The large items involved are items for the Veterans' Administration to finish out the rest of this fiscal year, about \$28,-

900,000; an item for legislative printing of \$1,196,000; an item for the Post Office Department of about \$33,000,000; and several other items of small character which are necessary for the immediate operations of the agencies of the Government.

These estimates were received only within the last 3 or 4 weeks from the Budget and this is our first opportunity to present them. They must be through in time, some of them, for the operations in the Treasury by the 16th of June. That is the reason we are bringing this bill in at this time.

There is one item with reference to sugar which I believe we can cut as a result of the action of the Agriculture Department yesterday; and there is one little clerical correction to be made in the bill.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. RICH. In reference to the rationing of sugar by the Department of Agriculture, I notice the gentleman asks for continuation of that money until the end of June but that in the report it is stated:

The committee expects to go into the matter thoroughly in connection with a pending estimate of \$5,000,000 for sugar rationing in the fiscal year 1948.

Evidently the Secretary of Agriculture has sent his representatives to the gentleman's committee to request additional appropriations.

Mr. TABER. We have pending an estimate from the budget for \$5,000,000 for next year. Even if rationing had continued we would have been able to make very substantial cuts, probably close to 50 percent, as a result of a new method of doing business. Other cuts also are in sight as a result of the reduced operations because there will be nothing left of sugar rationing from this time on except that for industrial use. Rationing of industrial sugar continues.

Mr. RICH. That is not going to require a very large force to administer, is it?

Mr. TABER. It should not, but I have not any idea what it will require.

The Secretary has announced the discharge of only 800 people as of this date, but that should be followed by a larger number as we get along.

Mr. RICH. How about the \$415,000 that is asked for?

Mr. TABER. I am proposing to cut that to \$215,000 because as I figure, the discharge of 800 employees as of this date would permit it. But we will have to pay those who have been on the roll down to the middle of June.

Mr. RICH. It seems to me that the gentleman from Indiana [Mr. HALLECK] who stated last night he would bring in this bill, to stop sugar rationing, put the Secretary of Agriculture over the sugar barrel.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Indiana.

Mr. SPRINGER. The gentleman states that the Secretary of Agriculture contemplates releasing 800 employees since sugar rationing has been taken off.

REORGANIZATION PLAN NO. 3 OF 1947

JUNE 12, 1947.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HOFFMAN, from the Committee on Expenditures in the Executive Departments, submitted the following

REPORT

[To accompany H. Con. Res. 51]

The Committee on Expenditures in the Executive Departments, to whom was referred the concurrent resolution (H. Con Res. 51) against the adoption of Reorganization Plan No. 3 of May 27, 1947, having considered the same, report favorably thereon without amendment and recommend that the concurrent resolution do pass.

GENERAL STATEMENT

The purpose of this resolution is to express disapproval of Reorganization Plan No. 3 of 1947, transmitted to Congress by the President on the 27th day of May 1947. The effect of the adoption of the resolution will be to prevent such plan from coming into force and effect on July 27, 1947.

In the absence of a disapproval by concurrent resolution the National Housing Agency with a few changes, will continue as a permanent agency of the Government, although it was first created as a war agency by Executive Order No. 9070 under the First War Powers Act of 1941.

Reorganization Plan No. 3 of 1947 is the same as part V of Reorganization Plan No. 1 of 1946 concerning the National Housing Agency, except the following changes:

1. Names.
2. Federal Home Loan Bank will have a Board of three members instead of the one Commissioner as at present.
3. The residual activities of war housing programs are transferred to the head of the new agency.
4. A National Housing Council of certain Government administrators is established.

CONGRESSIONAL ACTION 1946

When the questions raised by Reorganization Plan No. 3 were before the Congress in 1946, the House passed House Concurrent Resolution 155 on June 28, by a vote of 180 yeas and 37 nays (Congressional Record, June 28, 1946, p. 7911, permanent record) and the Senate passed Senate Concurrent Resolution 64 on July 15, by a vote of 45 yeas and 31 nays (Congressional Record, July 15, 1946, p. 8994, permanent record) thus rejecting the proposal.

HEARING ON PLAN NO. 3 OF 1947

The committee held hearings. The only witness favoring the plan was a representative of the Bureau of the Budget who testified that no specific savings would be accomplished by the proposed plan. All other witnesses opposed the plan.

COMMITTEE'S OPINION

Reorganization Plan No. 3 of 1947 is inconsistent with the action taken by the Seventy-ninth Congress. The substance of the opinion filed by the committee last year is as follows:

1. Congress and the Federal Government should encourage private home ownership and discourage Government ownership because private home ownership is the foundation of our democracy.

2. Private home ownership is strongly favored and will not be encouraged or protected by an agency whose policy favors Federal building and Federal control of homes; therefore,

3. While there should be a permanent consolidation and grouping of all related housing agencies and functions thereof, such agencies as the Federal Home Loan Bank Board and the Federal Housing Administration, which respectively makes mortgage loans to and insures mortgage loans for private builders and private home owners, should not be placed under administrative control of an agency whose primary function is to build houses with Federal funds or manage federally owned housing projects.

The views of this committee are substantially the same.

CONCLUSION

The committee recommend that Reorganization Plan No. 3 of 1947 be rejected and that House Concurrent Resolution 51 be adopted.



80TH CONGRESS
1ST SESSION

H. CON. RES. 51

[Report No. 580]

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 1947

Mr. HOFFMAN submitted the following concurrent resolution; which was referred to the Committee on Expenditures in the Executive Departments

JUNE 12, 1947

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

CONCURRENT RESOLUTION

- 1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That the Congress does not favor the Reorgani-
3 zation Plan Numbered 3 of May 27, 1947, transmitted to
4 Congress by the President on the 27th day of May 1947.

Union Calendar No. 281

80TH CONGRESS
1ST SESSION

H. CON. RES. 51

[Report No. 580]

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 3 of May 27, 1947.

By Mr. HOFFMAN

JUNE 3, 1947

Referred to the Committee on Expenditures in the
Executive Departments

JUNE 12, 1947

Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued June 19, 1947
For actions of June 18, 1947
80th-1st, No. 115

CONTENTS

A.A. Act.....	7	Foreign affairs.....	11, 14, 23	Prices, support.....	1
Appropriations...	5, 11, 12, 19	Information.....	23	Purchasing.....	4, 14
Census.....	15	Livestock and meat.....	8	Research.....	10, 11
Cotton.....	15	Loans, farm.....	9	R.F.C.....	17
Dairy industry.....	13	Natural resources.....	18	Social security.....	9
Education.....	23	Organization, executive...	4, 6	Taxation.....	13
Electrification.....	5	Personnel.....	16	Tobacco.....	7
Farm program.....	18	Prices.....	8, 20	Transportation.....	2, 22
Flood control.....	3, 21			Wool.....	1

HIGHLIGHTS: Senate debated conference report on wool bill; to vote today at 2:30. Senate passed bill to permit carriers to make agreements on transportation charges with ICC approval. House passed independent offices appropriation bill. House disapproved President's reorganization plan 3 regarding housing. House received USDA's proposal to repeal various provisions regarding minimum tobacco allotments.

SENATE

1. WOOL-PRICE SUPPORTS. Received and debated the conference report on S. 814, the wool bill (pp. 7334-44, 7363-4). Agreed to vote on the report at 2:30 today. For provisions of amended bill, see Digest 113. Sen. Aiken, Vt., inserted excerpts from Mr. Dodd's testimony, and a recent letter from him, regarding the proposal to make Sec. 22 of the AAA Act applicable to wool (pp. 7339-40). Sen. Hatch, N. Mex., inserted the USDA Solicitor's opinion regarding applicability of the Sec. 22 provision in the conference committee's bill (p. 7342). The President pro tem ruled that the "conference report cannot be recommitted, because the House has accepted the report and the conferees have been discharged" and, as expressed by Sen. Saltonstall, Mass., that "the only thing that can be done with the conference report is either to vote it up or vote it down" (p. 7343).
2. TRANSPORTATION. Passed, 60-27, with amendments S. 110, amending the ICC Act regarding agreements between carriers (pp. 7345-63). The bill, as passed by the Senate, is printed on pp. 7362-3 of the Congressional Record. Rejected an amendment by Sen. Taylor, Idaho, to create a Federal Traffic Bureau and to transfer to it all departments' functions regarding contracts for Government traffic, routing of such traffic, representation of the U. S. in proceedings before administrative tribunals regarding such traffic, auditing transportation charges for Government shipments, and handling claims in connection with such shipments (same as H. R. 3307); however, the amendment was not debated in view of the time situation on the Senate floor (pp. 7361-2).
As passed by the Senate, S. 110 authorizes common carriers and freight forwarders to make agreements concerning transportation services and charges and practices related thereto, subject to approval by ICC but without being deemed in violation of the antitrust laws.

3. FLOOD CONTROL. Passed without amendment H. R. 3792, to authorize appropriation of \$15,000,000 to the War Department for emergency flood-control works (p. 7335). This bill will now be sent to the President.
4. PURCHASING; REORGANIZATION. A subcommittee of the Labor and Public Welfare Committee voted to report adversely to the full committee H. Con. Res. 49, which would disapprove the President's Reorganization Plan 2. That plan would provide for Labor Department coordination of enforcement, by other departments, of several laws regarding wages and hours in connection with Federal contracts. (p. D397.)

HOUSE

5. INDEPENDENT OFFICES APPROPRIATION BILL, 1948. Passed with amendments this bill, H.R. 3839 (pp. 7373-400). There was considerable discussion as to actual amount of reduction in the President's budget by action on appropriation bills thus far. During the debate, Rep. Miller, Conn., spoke in favor of his bills to amend the Federal Power Act (pp. 7382-6).
6. REORGANIZATION; HOUSING. Agreed to H. Con. Res. 51, which disapproves the President's Reorganization Plan No. 3, concerning the reorganization of housing agencies (p. 7400).
7. AAACT: TOBACCO. Received from this Department proposed legislation to repeal the provision of the AAAct of 1938, as amended, relating to minimum farm acreage allotments and increases in small tobacco acreage allotments. To Agriculture Committee. (p. 7411.)
8. MEAT PRICES. Rep. Celler, N.Y., urged the Agriculture Committee to investigate the recent increase in meat prices (p. 7371).
9. FARM LOAN ASSOCIATIONS; SOCIAL SECURITY. At the request of Rep. Hope, Kans., H.R. 2415, to cover employees of production credit associations and national farm loan associations under the Social Security Act, was rereferred from the Agriculture Committee to the Ways and Means Committee (p. 7411).
10. EXPERIMENT STATIONS. Received from the Missouri Agricultural Experiment Station staff and the faculty of the Missouri College of Agriculture a petition not only "to restore the publication of the Experiment Station Record but to enlarge its scope and usefulness" (p. 7412).
11. APPROPRIATIONS. Received from the President (June 16) a supplemental appropriation estimate of \$90,000 to complete liquidation of the Office of Scientific Research and Development (H. Doc. 328).
Received from the President (June 16) a supplemental appropriation estimate of \$73,361,000 for U.S. participation in the International Refugee Organization (H. Doc. 327).

BILLS INTRODUCED

12. APPROPRIATIONS. S. Res. 129, by Sen. Bridges, N.H., to authorize \$25,000 for the Appropriations Committee to conduct investigations. To Appropriations Committee. (p. 7333.)
13. TAXATION; DAIRY INDUSTRY. H.R. 3884, by Rep. Carson, Ohio, to provide for including dairy cattle owned by a taxpayer conducting a dairy farm as "property used in the trade or business" within the meaning of the Internal Revenue Code.

I am not always in accord with the gentleman to whom the debt is supposed to have been paid, but I want to say that rumor is absolutely false. In the first place, persuasion could be brought easily by anybody on either side on the Veterans' Administration.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. HENDRICKS. I yield to the gentleman from Georgia.

Mr. COX. Does the gentleman say that the statement I made that political considerations did intervene, that it was based upon that premise that the hospital was located at Tallahassee, is false?

Mr. HENDRICKS. I do not say that the gentleman himself is telling an untruth, but his source of information is false.

Mr. COX. The gentleman is ignorant of the facts in the case and if he will take the pains to make an honest investigation he will find that the statement I made is justified by the authority he now seeks to invoke.

Mr. HENDRICKS. I may be ignorant, but I am not so ignorant that I do not know the background of this whole situation and I am going to tell it to you right now.

Everyone knows Judge Tarver, who was a member of the Appropriations Committee. You had great admiration and respect for him. Before it was decided to construct this building at Tallahassee, Judge Tarver made every effort in the world to have the Veterans' Administration take over the hospital at Thomasville, Ga. Every member of the committee wanted to help Judge Tarver and we actually called the Veterans' Administration to go over the thing, review it again and see if it could be done, because we did not want to spend money for any hospital when there was one available that could be used to better purpose. The Veterans' Administration finally said, "we cannot use this, we have no intention of using it as a permanent hospital; we are going to build in Tallahassee, Fla." The committee sustained the Veterans' Administration in spite of their great admiration, love, and respect for Judge Tarver. If we did not do that for Judge Tarver, I do not see why we should do it for my esteemed friend the gentleman from Georgia [Mr. Cox]. Those are the facts in the case.

We had this same situation up last year, and many Members of the Congress, when we were talking about locations, came in and said: "The Army has abandoned this hospital. Why do you not have the Veterans' Administration use it?" I got letters from my district that the Army and Navy had built hospitals there and saying: "Why do you not have the Veterans' Administration use these instead of spending money for new construction hospitals?" The only answer, Mr. Chairman, if you are interested in the welfare of the veteran, is that the Veterans' Administration cannot afford to use these ramshackle, half-frame, half-fireproofed, unheated buildings for the care of the veterans.

In spite of the fact that my friend from Georgia says this hospital is of permanent construction and is fireproof,

the Veterans' Administration reported to us last year because we asked for a report on the condition of every hospital, that hospital is built of gypsum blocks and asbestos shingles. In the hearings this year the gentleman from Texas [Mr. THOMAS] asked General Hawley about this. I did not ask one single question. I did not know this amendment was coming up. The gentleman from Texas asked about the difference in cost between the Thomasville hospital and the Tallahassee, Fla., hospital. General Hawley pointed out the defects in the Finney Hospital and said it could not be properly heated, that the cost of that hospital within 6 years would be more than the construction cost of the hospital in Tallahassee, Fla., and remember, Mr. Chairman, this is not a program of the moment. If this were an emergency I would say, "Use any hospital until we can do something better," but it is not a program of the moment. We will not reach the peak of our hospitalization until 1970. You will have something like 30 years yet and you have to use these buildings. In 30 years the Finney Hospital will cost five times what a new hospital under one roof, built for the purpose of taking care of these veterans in a proper manner, giving them proper heat and light, air conditioning and the things that they need, will cost. It will cost five or six times as much. The whole point is, as I say to you again, that the Committee on Appropriations went over this thing last year. We followed a certain procedure. We made it clear to the House, and I made it clear in my statement on this bill last year, that whenever any Member of Congress was dissatisfied with the location of a hospital, that they were to report it to the committee and we would take it up with the Veterans' Administration, hold hearings, and decide what was to be done. That is exactly what ought to be done with these two sites, including both Tallahassee and the one in Virginia. I am offering the amendment to strike out the one in Tallahassee for the simple reason that the Veterans' Administration has reported to us that they never intended to use Thomasville as a permanent hospital. It would be unsuitable. It is not fireproof. Those are the simple facts of the matter, my friends.

Mr. SMATHERS. Mr. Chairman, will the gentleman yield?

Mr. HENDRICKS. I yield to the gentleman from Florida.

Mr. SMATHERS. I would like to ask the gentleman if he thinks it is fair or proper for one gentleman, who makes a good case, as to why a hospital should be placed in a certain place in his district, to go further and add to his amendment an objection to a site in somebody else's State 800 miles away and try to say in that amendment that a hospital should not be built in a location in that district outside of his own.

Mr. HENDRICKS. I do not think the two amendments should ever have been combined at all. I hope that this amendment I offer is adopted, after which I propose to offer another amendment to the amendment.

The CHAIRMAN. The time of the gentleman from Florida has expired.

The question is on the amendment offered by the gentleman from Florida [Mr. HENDRICKS] to the amendment offered by the gentleman from Virginia [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. HENDRICKS) there were—ayes, 45; noes 48.

Mr. HENDRICKS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. HENDRICKS and Mr. Cox.

The Committee again divided, and the tellers reported that there were—ayes 48, noes 69.

So the amendment to the amendment was rejected.

Mr. HENDRICKS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. HENDRICKS to the amendment offered by Mr. SMITH of Virginia: At the end of said amendment insert "until the Committee on Appropriations of the House of Representatives has investigated and given final approval."

Mr. HENDRICKS. Mr. Chairman, I ask unanimous consent that the amendment offered by the gentleman from Virginia may be read as modified by my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia as modified by the amendment offered by Mr. HENDRICKS: On page 51, line 20, strike out the period and insert a semicolon and the following: "Provided further, That no part of the funds appropriated in this bill or any funds heretofore made available, including contract authorizations, shall be used for the purchase or condemnation of the site or for the erection of a hospital on the tract of land in Arlington County, Va., known as the A. M. Nevius tract, situated at the intersection of Lee Boulevard and Arlington Ridge Road, containing approximately 25.406 acres; or for the purchase or condemnation of the site or erection of a hospital in Tallahassee, Fla., until the Committee on Appropriations of the House of Representatives has investigated and given final approval."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida to the amendment offered by the gentleman from Virginia.

Mr. SMITH of Virginia. I have no objection to the amendment, Mr. Chairman.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. SMITH].

The amendment was agreed to.

The Clerk concluded the reading of the bill.

Mr. WIGGLESWORTH. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SPRINGER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3839) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1948, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. WIGGLESWORTH. Mr. Speaker, I move the previous question on the bill, and all amendments thereto, to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

JUVENILE COURT OF THE DISTRICT OF COLUMBIA—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 329)

The SPEAKER laid before the House the following message from the President of the United States, which was read by the Clerk and, together with accompanying papers, referred to the Committee on the District of Columbia and ordered printed, with illustrations:

To the Congress of the United States:

I transmit herewith for the information of the Congress a communication from the judge of the juvenile court of the District of Columbia, together with a report covering the work of the juvenile court for the fiscal year ended June 30, 1946.

HARRY S. TRUMAN.

THE WHITE HOUSE, June 18, 1947.

EXTENSION OF REMARKS

Mr. ALLEN of Louisiana asked and was given permission to revise and extend the remarks he made in Committee of the Whole today.

Mr. DONOHUE asked and was given permission to extend his remarks in the RECORD and include two articles and a speech by Mr. Joseph E. Casey.

Mr. GORE asked and was given permission to revise and extend the remarks he made earlier today, and to include certain tables.

Mr. LANE asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a speech made by Mr. Henry A. Wallace last night. I have been advised by the Public Printer that the cost will be

\$189.34. Notwithstanding, I ask that the extension be made.

The SPEAKER. Notwithstanding, and without objection, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. SADOWSKI asked and was given permission to extend his remarks in the RECORD in two instances and include excerpts.

Mr. HARLESS of Arizona asked and was given permission to extend his remarks in the RECORD.

Mr. PETERSON asked and was given permission to extend his remarks in the RECORD and include Senate Concurrent Resolution No. 7 of the Florida Legislature.

Mr. SMITH of Virginia asked and was given permission to revise and extend the remarks he made in Committee of the Whole and include certain letters.

Mr. LODGE asked and was given permission to extend his remarks in the RECORD in two instances and include a newspaper article.

Mr. VAN ZANDT (at the request of Mr. PHILLIPS of California) was granted permission to extend his remarks in the Appendix of the RECORD.

PERMISSION TO FILE REPORT BY WAYS AND MEANS COMMITTEE

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight on Friday of this week within which to file a report on the bill H. R. 3861.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

WAR DEPARTMENT ENLISTMENT BILL

Mr. ANDREWS of New York. Mr. Speaker, on Tuesday the House passed the bill H. R. 3303, the so-called War Department enlistment bill. The Senate passed Senate 1213, striking out all after the enacting clause in the House bill and substituting the Senate provisions. By motion of the Senate today, they request a conference. That is being messaged over to the House. I move that we agree to the conference and that the Speaker appoint conferees.

The SPEAKER. The Chair would inform the gentleman from New York that the papers have not yet arrived, and the request to agree to the conference and appoint conferees is not in order at this time.

EXTENSION OF REMARKS

Mr. McDONOUGH asked and was given permission to extend his remarks in the RECORD in two instances; in one to include an editorial from the Washington Post, and in the other to include an editorial from the Washington Post and some remarks by Vicente Villamin.

Mr. TABER asked and was given permission to extend his remarks in the RECORD and include certain tables which he had prepared.

Mr. JAVITS asked and was given permission to extend his remarks in the RECORD in two instances; and to include a speech by the wife of the Am-

bassador from Brazil; and in another instance to include a newspaper article.

Mr. JACKSON of California (at the request of Mr. JAVITS) was granted permission to extend his remarks in the Appendix of the RECORD.

Mr. ROHRBOUGH asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. RIZLEY (at the request of Mr. SCHWABE of Oklahoma) was granted permission to extend his remarks in the Appendix of the RECORD.

REORGANIZATION PLAN NO. 3

Mr. HOFFMAN. Mr. Speaker, I move that the House proceed to take up House Concurrent Resolution 51 which does not favor Reorganization Plan No. 3 of May 27, 1947, and, pending that motion, I ask unanimous consent that the resolution may be considered in the House as in the Committee of the Whole and that general debate be limited to 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Congress does not favor the Reorganization Plan No. 3 of May 27, 1947, transmitted to Congress by the President on the 27th day of May 1947.

The SPEAKER. The gentleman from Michigan is recognized for 5 minutes.

Mr. HOFFMAN. Mr. Speaker, I understand there is no objection to this resolution.

I yield to the gentleman from Alabama [Mr. MANASCO], ranking minority member of the committee, to explain the resolution and any opposition, if there is any.

Mr. MANASCO. Mr. Speaker, a similar plan was sent up during the Seventy-ninth Congress and rejected by the House.

This plan reorganizes the housing agencies of the Government. Our committee thinks these agencies should be reorganized but we do not think the lending and insuring agencies should be placed in the same organization with the construction agency.

I have no requests for time on this side. That is the only issue involved.

Mr. HOFFMAN. Mr. Speaker, I have no further requests for time.

I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to. A motion to reconsider was laid on the table.

DISPOSAL OF WAR HOUSING

Mr. WOLCOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 2492) to provide for the expeditious disposition of certain war housing and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 2492, to

80TH CONGRESS
1ST SESSION

H. CON. RES. 51

IN THE SENATE OF THE UNITED STATES

JUNE 19 (legislative day, APRIL 21), 1947

Read twice and referred to the Committee on Banking and Currency

CONCURRENT RESOLUTION

- 1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That the Congress does not favor the Reorgani-
3 zation Plan Numbered 3 of May 27, 1947, transmitted to
4 Congress by the President on the 27th day of May 1947.

Passed the House of Representatives June 18, 1947.

Attest:

JOHN ANDREWS,

Clerk.

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 3 of May 27, 1947.

JUNE 19 (legislative day, APRIL 21), 1947

Read twice and referred to the Committee on Banking and Currency

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Division of Legislative Reports
(For Department staff only)

Issued July 1, 1947
For actions of June 30, 1947
80th-1st, No. 124

CONTENTS

AAAct.....	23,31	Labor, farm.....	42	Research.....	36
Appropriations.....	1,12,14,16,20	Lands.....	27	Small business.....	17
C.C.C.....	40	Lands, grazing.....	26	Social security.....	42
Claims.....	7	Livestock and meat.....	1	Soil conservation.....	14
Consumer credit.....	8	Loans, farm.....	14,34	Substantive authority.....	24
Crop insurance.....	14	Marketing.....	12	Sugar.....	1
Decentralization.....	21	Organization, executive.....	11	Taxation.....	27
Education.....	30	Personnel.....	20,22,33,38	Territories and pos- sessions.....	3
Electrification.....	14,28	Prices.....	39	Transportation.....	19
Flood control.....	10,24,32	Prices, support.....	35	Trade, foreign.....	2,15,18,24,44
Foreign affairs.....	4,5,24	Purchasing.....	9,11	War powers.....	2,15,44
Health.....	37	R.F.C.....	41	Wildlife.....	25
Housing.....	6,11,43	Regional authority.....	24	Wool.....	35
		Rehabilitation, rural.....	13		

HIGHLIGHTS: House passed bill providing funds for foot-and-mouth disease and Sugar Rationing Adm. in July; Reps. Cannon and Dirksen debated "delays" in passing appropriation bills. Sen. Wherry moved to reconsider appropriation-continuation measure previously passed by Senate. House passed and President approved measure to continue export-control, allocations, and priorities powers until July 15, 1947. Senate received budget amendment for peanut quotas. House passed Hawaii statehood bill. Sen. Bushfield opposed "curtailing useful services to the American farmer" through USDA appropriation reductions. Senate disapproved Reorganization Plan 2 (re USES), which would authorize coordination of certain laws on Government contracts. Sens. Flanders and Baldwin introduced and included statement on bill to increase pay of department heads, etc. Sen. Wiley introduced and discussed measure for investigation of possible decentralization of USDA. Rep. Phillips introduced Foreign Agricultural Service bill.

HOUSE

- 1. APPROPRIATIONS.** Passed without amendment H. R. 4031, to provide emergency appropriations for various projects until the regular appropriation bills are passed (pp. 8084-9). Among these items are: Foot-and-mouth disease, \$5,000,000 for July 1947; Sugar Rationing Administration, \$750,000 for July 1947, \$400,000 of which would be available exclusively for terminal leave; and Office of Government Reports, authorization for expenditures at the same rate as 1947 pending passage of the independent offices bill. During the debate Rep. Cannon charged delays in considering the regular appropriation bills, discussing the Legislative-Budget and investigators, and Rep. Dirksen defended the Committee against these charges.
- 2. WAR POWERS.** Passed without amendment S. J. Res. 139, to continue existing export-control, allocations, and priorities powers until July 15, 1947 (pp. 8066-7). This measure later approved by the President.
- 3. HAWAII STATEHOOD.** Passed as reported H. R. 49, to provide for statehood for Hawaii (pp. 8077-84, 8089-102).
- 4. FOREIGN RELIEF.** Both Houses adopted a concurrent resolution "correcting certain clerical errors" in S. J. Res. 77, to provide for U. S. participation in the International Refugee Organization (pp. 8066, 8017).

5. FOREIGN RELIEF. Passed without amendment S. J. Res. 124, to authorize appropriation of \$2,370,000 of unobligated UMRRA appropriations to provide for necessary administrative expenses of U. S. departments and agencies incident to UMRRA liquidation (p. 8102). This measure will now be sent to the President.
6. HOUSING. Both Houses received the President's message announcing signature of, but objecting to, H. R. 3203, the rent-control bill (pp. 8075-7, 8064).
7. CLAIMS. The Judiciary Committee reported with amendments H. R. 3690, to amend the Federal Tort Claims Act regarding death statutes and decisions in Ala. and Mass. (H. Rept. 748).
This Committee also reported with amendment H. R. 1810, to permit certain bankruptcy referees to prosecute claims against the Government before the courts and the executive departments and agencies (H. Rept. 747)(p. 8125).
8. CREDIT CONTROLS. The Banking and Currency Committee reported without amendment H. J. Res. 222, terminating consumer credit controls (H. Rept. 746)(p. 8125).
9. PURCHASING. Rep. Foote, Conn., criticized the provision in the Treasury-Post Office appropriation bill limiting prices which Government agencies can pay for typewriters (p. 8067).
10. FLOOD CONTROL. Reps. Rankin, Jones of Ala., and McCormack discussed this program under the War Department (pp. 8072-3).

SENATE

11. REORGANIZATION. Agreed, 42-40, to H. Con. Res. 40, disapproving Reorganization Plan No. 2, which authorizes coordination of certain laws relating to Government contracts (pp. 8017-35).
The Banking and Currency Committee reported adversely S. Con. Res. 51, against adoption of Reorganization Plan 3, relating to housing (p. 8037).
12. PEANUT QUOTAS; APPROPRIATIONS. Received from the President a budget amendment for 1948 in the amount of \$2,500,000 for administrative expenses in connection with the peanut marketing quota program (S. Doc. 71). To Appropriations Committee. (p. 8035.)
13. RURAL REHABILITATION. Received from this Department proposed legislation to provide for liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations. To Agriculture and Forestry Committee. (p. 8036.)
14. APPROPRIATIONS. Sen. Bushfield, S. Dak., opposed "curtailing useful services to the American farmer" through USDA appropriation reductions, referring particularly to those for SCS, REA, crop insurance, FHA, and ARA irrigation programs (pp. 8041-6).
Sen. Wherry, Nebr., entered a motion to reconsider the vote on S. J. Res. 140, the appropriation-continuation measure previously passed by the Senate (p. 8041).
15. WAR POWERS; EXPORT CONTROL. Continued debate on S. 1461, to extend title III of the Second War Powers Act and the Export-Control Act, and made it the unfinished business (p. 8041).
16. STATE, JUSTICE, COMMERCE, AND JUDICIARY APPROPRIATION BILL, 1948. Began debate on this bill, H. R. 3311 (pp. 8046-63). Agreed to the committee amendments. Most of the debate concerned the State Department's foreign information program.

his church endorsing S. 265, which would prohibit interstate advertising of liquor products, and urging its enactment into law. I ask unanimous consent to present the letter, and request that it be appropriately referred and printed in the RECORD.

There being no objection, the letter was received, referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

Senator ARTHUR CAPPER,
Senate Office Building,
Washington, D. C.

DEAR SIR: It is self-evident that any people engaged in business for profit will do all they can to encourage greater use of their product. In a free country any business contributing to the well-being of the people should have equal access with all others to all sources of advertising and distribution.

However, we do not believe this is true of the manufacture and distribution of alcoholic beverages. The facts by now should be clear to any informed mind that drinking results in physical, mental, moral, social, and economic harm. When the health and well-being of the people is at stake we cannot consent that those making the product responsible for this condition should be unrestrained in their efforts to increase the use of their product through the use of advertising mediums such as newspapers, magazines, and radio. It is one thing to tolerate the use of that product by addicts; it is quite another thing to give the makers of it the right to come into every home and encourage and educate for wider use of the product, by advertising directly aimed at the home and at youth.

Therefore, we, the Bradford Baptist Association of Bradford County, Pa., an affiliate of the Pennsylvania Baptist Convention and of the Northern Baptist Convention, in annual session, do hereby unanimously endorse bill S. 265, which would prohibit interstate advertising of liquor products, and we urge its enactment into law.

Respectfully yours,

HERBERT T. PUNCHARD,
Clerk, Bradford Baptist Association,
Pennsylvania.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. WHITE, from the Committee on Interstate and Foreign Commerce:

H. R. 599. A bill declaring Kenduskeag Stream, Penobscot County, Maine, to be a nonnavigable waterway; without amendment (Rept. No. 398);

H. R. 3333. A bill to authorize the transfer of the *Joseph Conrad* to the Marine Historical Association of Mystic, Conn., for museum and youth-training purposes; with an amendment (Rept. No. 399); and

S. Con. Res. 14. Concurrent resolution favoring a fair representation of American small businessmen on policy-making bodies created by Executive appointment; without amendment (Rept. No. 405).

By Mr. MILLIKIN, from the Committee on Finance:

H. R. 959. A bill to amend section 3179 (b) of the Internal Revenue Code; without amendment (Rept. No. 401);

H. R. 1945. A bill to amend sections 2801 (e) (4), 3043 (a), 3044 (b), and 3045 of the Internal Revenue Code; without amendment (Rept. No. 402); and

H. R. 1946. A bill to amend section 2801 (e) of the Internal Revenue Code; without amendment (Rept. No. 403).

By Mr. WILEY, from the Committee on the Judiciary:

S. Res. 120. Resolution authorizing the Committee on the Judiciary, in making in-

vestigations under section 134 of the Legislative Reorganization Act of 1946, to employ temporary assistants and make certain expenditures; without amendment (Rept. No. 404); and, under the rule, the resolution was referred to the Committee on Rules and Administration.

REORGANIZATION PLAN NO. 3—REPORT OF A COMMITTEE

Mr. FLANDERS. Mr. President, from the Committee on Banking and Currency, I ask unanimous consent to report adversely the concurrent resolution (S. Con. Res. 51) against adoption of Reorganization Plan No. 3 of May 27, 1947, and I submit a report (No. 400) thereon.

The PRESIDENT pro tempore. Without objection, the report will be received, and the concurrent resolution will be placed on the calendar.

OWNERSHIP AND USE OF DANGEROUS WEAPONS—REQUEST TO PRESIDENT FOR RETURN OF H. R. 493

Mr. BUCK. Mr. President, from the Committee on the District of Columbia, I ask unanimous consent to report favorably an original concurrent resolution, for which I request immediate consideration.

The PRESIDENT pro tempore. The concurrent resolution will be read.

The concurrent resolution (S. Con. Res. 22) was read, as follows:

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the House of Representatives the enrolled bill (H. R. 493) to amend section 4 of the act entitled "An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia," approved July 8, 1932 (sec. 22, 3204 D. C. Code, 1940 ed.); that if and when the said bill is returned by the President, the action of the Presiding Officers of the two Houses in signing the said bill be deemed to be rescinded; and that the House engrossed bill be returned to the Senate.

Mr. BUCK. Mr. President, the need for this resolution is occasioned by a mistake which was made when House bill 493 was sent to the President. An amendment which was offered by the junior Senator from Kentucky [Mr. COOPER] and agreed to in the Senate, and I understand later agreed to in the House, did not accompany the bill.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Delaware?

There being no objection, the concurrent resolution (S. Con. Res. 22) was considered and agreed to.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAPPER:

S. 1530. A bill to amend the Agricultural Adjustment Act of 1938, as amended, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. MYERS:

S. 1531. A bill to repeal section 404 (c) of the Nationality Act of 1940 and to provide that no person shall have lost his nationality thereunder; to the Committee on the Judiciary.

By Mr. RUSSELL:

S. 1532. A bill to provide that bonds issued under the Armed Forces Leave Act of

1946 shall be negotiable, and for other purposes; to the Committee on Armed Services.

S. 1533. A bill for the relief of Ernest J. Jenkins; to the Committee on the Judiciary.

By Mr. RUSSELL (for himself and Mr. MAYBANK):

S. 1534. A bill to establish a Savannah Valley Authority to provide for unified water control and resource development in the basin of the Savannah River in the interest of the control and prevention of floods, the promotion of navigation, and the strengthening of the national defense, and for other purposes; to the Committee on Public Works.

By Mr. CORDON:

S. 1535. A bill providing for the sale of the Trask homes housing project in Tillamook, Oreg.; to the Committee on Banking and Currency.

By Mr. McGRATH:

S. 1536. A bill to provide for the appointment of the Superintendent of Metropolitan Police of the District of Columbia by the President by and with the advice and consent of the Senate; to the Committee on the District of Columbia.

(Mr. FLANDERS (for himself and Mr. BALDWIN) introduced Senate bill 1537, to increase the rate of compensation of heads and assistant heads of executive departments and of other officers, which was referred to the Committee on Civil Service, and appears under a separate heading.)

COMPENSATION OF HEADS AND ASSISTANT HEADS OF EXECUTIVE DEPARTMENTS

Mr. FLANDERS. Mr. President, on behalf of the Senator from Connecticut [Mr. BALDWIN] and myself, I ask unanimous consent to introduce for appropriate reference a bill to increase the rate of compensation of heads and assistant heads of executive departments and of other officers. I request that a statement prepared by the Senator from Connecticut [Mr. BALDWIN] and myself may be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, the bill will be received, and appropriately referred; and, without objection, the statement will be printed in the RECORD.

There being no objection, the bill (S. 1537) to increase the rate of compensation of heads and assistant heads of executive departments and of other officers, introduced by Mr. FLANDERS (for himself and Mr. BALDWIN), was received, read twice by its title, and referred to the Committee on Civil Service.

The statement presented by Mr. FLANDERS (for himself and Mr. BALDWIN) was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR RALPH E. FLANDERS, OF VERMONT, AND SENATOR RAYMOND E. BALDWIN, OF CONNECTICUT, ON A BILL TO INCREASE THE RATE OF COMPENSATION OF HEADS AND ASSISTANT HEADS OF EXECUTIVE DEPARTMENTS AND OF CERTAIN OTHER OFFICERS

In our efforts to secure better management and resulting economies in the executive branch, we must recognize that good management requires competent men to serve as the heads and assistant heads of our Government departments and agencies. One of the major considerations in recruiting and retaining capable men to manage any business, including Government, is the salary paid for the job to be done. Private industry has always recognized this fact and has paid what are in many cases exorbitant salaries to their top executives. The Federal Government must compete with private industry for competent management people. Although it is out of the question

for the Government to pay the high salaries paid by industry for these people, the least the Government should do is to pay salaries for its executive positions which will allow people of high caliber to accept appointments to them without undue financial sacrifice.

All of us know of many competent administrators who have left the Government service to enter private business because they could not afford to continue their service with the Government.

The pay bills passed by the Congress in 1945 and 1946 provided substantial increases in pay for the Government employees in the less responsible positions. In approving these bills, Congress has passed over the people who, together with the Congress, are responsible for the management of the Government. The effect of these pay bills has been to compress the salary rates of the lower categories against the present \$10,000 ceiling, giving pay increases to all employees except those responsible for the management of the departments and agencies. This does not make good sense. We all know that it is costing each of us more to live and maintain our homes today than it did before the war. It costs these men more, too, to maintain a reasonable standard of living at a level which they must maintain without going backwards.

The last session of Congress did take action to raise the salaries of some Federal

officials. The salaries of the Members of Congress were increased \$2,500 and in addition, a \$2,500 tax-exempt expense allowance was provided; the salaries of the judiciary were raised, each Federal judge receiving a \$5,000 pay increase; and the pay of the Foreign Service officers of the State Department was increased substantially, including pay of the highest-paid ambassadors. So it appears that the Congress has recognized in certain specific instances the fact that its highest-paid executives are not being paid enough.

The situation regarding the pay of our executives in the Federal Government is serious. So serious that many Members of the Congress have commented upon it on the floors of both the House and the Senate. This Government cannot afford to lose men like Dean Acheson and Harold Smith. Men of their caliber and ability to serve the Nation in the Government are already too few. The recruitment of such men should not be made impossible because of the low salaries paid by the Federal Government.

Our Government is the largest business in the world. Practically all of the agencies in our Government have programs which require them to be as large in size and their operations as complex in character as those of our largest private industries. To manage these programs efficiently requires the best management people we can hire and train.

But to get and keep these people we must pay salaries more in keeping with the responsibilities involved.

We are introducing a bill that should go a long way in correcting the present salary situation for heads and assistant heads of executive departments and certain other Federal officers. The bill provides the basic compensation of the head of each executive department, the Cabinet, shall be \$20,000; each under secretary of executive departments, the Solicitor General of the Department of Justice, and the Assistant to the Attorney General, \$17,500; each assistant secretary of executive departments, Assistant Attorney General and Assistant Postmaster General, \$15,000. The bill provides that the basic compensation of the head of each independent board or commission or other independent agency will be \$17,500, or \$15,000, or \$12,500 per annum, to be determined by the President. The rate of compensation of other members of such boards or commissions, and the assistant heads of other independent establishments and agencies, are to be fixed at the next lower rate.

This bill would affect the compensation of 172 Federal officials within the executive branch. The estimated total cost of this increase is \$653,065.

The attached table provides additional data:

List of heads and assistant heads of agencies within the executive branch, in connection with suggested schedules of rates of compensation

Department and position	Present			Proposed		Department and position	Present			Proposed	
	Number	Salary	Total cost	Salary	Total cost		Number	Salary	Total cost	Salary	Total cost
Executive Office of the President:						Departments—Continued					
Bureau of the Budget			\$20,000		\$32,500	Treasury—Continued					
Director	1	\$10,000		\$17,500		Fiscal Assistant Secretary	1	\$10,000	\$15,000		
Assistant Director	1	10,000		15,000		Assistant Secretary	2	10,000	15,000		
Council of Economic Advisers			45,000		45,000	War			\$45,000		\$67,500
Members:						Secretary	1	15,000	20,000		
Chairman	1	15,000		15,000		Under Secretary	1	10,000	17,500		
Members	2	15,000		15,000		Assistant Secretary	2	10,000	15,000		
Office of Philippine Alien Property Administration			10,000		12,500	Panama Canal			10,000		17,500
Administrator	1	10,000		12,500		Governor	1	10,000	17,500		
War Assets Administration			21,975		32,500	Independent agencies and establishments:					
Administrator	1	12,000		17,500		Federal Loan Agency			50,000		67,500
Associate Administrator	1	9,975		15,000		Administrator and Chairman of RFC	1	10,000	17,500		
Departments:						Board members	4	10,000	12,500		
Agriculture			35,000		52,500	Federal Security Agency			22,000		32,500
Secretary	1	15,000		20,000		Administrator	1	12,000	17,500		
Under Secretary	1	10,000		17,500		Assistant Administrator	1	10,000	15,000		
Assistant Secretary	1	10,000		15,000		Federal Works Agency			22,000		32,500
Commerce			35,000		52,500	Administrator	1	12,000	17,500		
Secretary	1	15,000		20,000		Assistant Administrator	1	10,000	15,000		
Under Secretary	1	10,000		17,500		National Housing Agency			12,000		17,500
Assistant Secretary	1	10,000		15,000		Administrator	1	12,000	17,500		
Civil Aeronautics Board			50,000		65,000	Atomic Energy Commission			77,500		77,500
Board members:						Chairman	1	17,500	17,500		
Chairman	1	10,000		15,000		Board members	4	15,000	15,000		
Members	4	10,000		12,500		Civil Service Commission			30,000		40,000
Interior			45,000		67,500	President	1	10,000	15,000		
Secretary	1	15,000		20,000		Commissioners	2	10,000	12,500		
Under Secretary	1	10,000		17,500		Export-Import Bank of Washington			45,000		52,500
Assistant Secretary	2	10,000		15,000		Chairman and President	1	15,000	15,000		
Justice			85,000		130,000	Directors	3	10,000	12,500		
Attorney General	1	15,000		20,000		Federal Communications Commission			70,000		90,000
Assistant to Attorney General	1	10,000		17,500		Chairman	1	10,000	15,000		
Solicitor General	1	10,000		17,500		Commissioners	6	10,000	12,500		
Assistant Attorney General	5	10,000		15,000		Federal Deposit Insurance Corporation			20,000		27,500
Labor			55,000		82,500	Chairman	1	10,000	15,000		
Secretary	1	15,000		20,000		Directors (1 without compensation)	2	10,000	12,500		
Under Secretary	1	10,000		17,500		Federal Power Commission			50,000		65,000
Assistant Secretary	3	10,000		15,000		Commissioners:					
Navy			45,000		67,500	Chairman	1	10,000	15,000		
Secretary	1	15,000		20,000		Commissioners	4	10,000	12,500		
Under Secretary	1	10,000		17,500		Federal Trade Commission			50,000		65,000
Assistant Secretary	2	10,000		15,000		Commissioners:					
Post Office			55,000		80,000	Chairman	1	10,000	15,000		
Postmaster General	1	15,000		20,000		Commissioners	4	10,000	12,500		
Assistant Postmaster General	4	10,000		15,000		General Accounting Office			22,000		32,500
State			97,000		145,000	Comptroller General	1	12,000	17,500		
Secretary	1	15,000		20,000		Assistant Comptroller General	1	10,000	15,000		
Under Secretary	1	12,000		17,500							
Assistant Secretary	1	10,000		15,000							
Treasury			55,000		82,500						
Secretary	1	15,000		20,000							
Under Secretary	1	10,000		17,500							

REORGANIZATION PLAN NO. 3 OF 1947

JUNE 30 (legislative day, APRIL 21), 1947.—Ordered to be printed

Mr. FLANDERS, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. Con. Res. 51]

The Committee on Banking and Currency, to whom was referred the concurrent resolution (H. Con. Res. 51) disapproving Reorganization Plan No. 3 of 1947, having considered the same, report unfavorably thereon with the recommendation that the concurrent resolution be disapproved; i. e., that the plan be allowed to take effect.

INTRODUCTORY STATEMENT

In brief, the plan establishes the Housing and Home Finance Agency, with three constituent agencies, viz, the Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Administration. The Administrator of the Housing and Home Finance Agency is responsible for the general supervision and coordination of the functions of the constituent agencies, but each would maintain its individual identity and be responsible for operation of its own program. A National Housing Council is created in the Housing and Home Finance Agency, under the chairmanship of the Administrator, on which are represented the three main constituents plus the Veterans' Administration, Reconstruction Finance Corporation, and the Department of Agriculture. A majority of your committee is fully convinced that the plan represents an important advance in Government organization and should be approved without delay.

In reaching its conclusions, the committee was guided by the following salient considerations:

1. Governmental experience over the years has shown that the most effective form of administrative organization of the executive branch of the Government is on the basis of an appropriate grouping of agencies and functions concerned with similar major purposes in a single establishment under an official responsible directly to the Congress and the Chief Executive. Experience under many different adminis-

trations has demonstrated that this type of organization provides the most effective administrative arrangement under which general policies established by law can be carried out consistently, efficiently, with minimum friction and without duplication or overlapping, and on a basis most responsive to the Congress and the Chief Executive.

2. An effective permanent administrative organization of the Government's housing agencies and functions is essential. Such has been the considered conclusion of this and previous congressional committees. This involves an effective balancing of the need for a central point of responsibility and accountability to the Congress and the Chief Executive with the desirability of preserving the individual identity of the operating agencies and their full responsibilities for carrying out the specific functions and operations vested in them. The administrative organization established by this plan provides the most effective solution of this central problem thus far presented to the Congress.

3. It is consistent with the need for over-all coordination, and in fact desirable as a matter of sound administration, that the actual operation of the several types of interrelated housing activities authorized by the Congress be lodged in separate constituent agencies, each with its own individual identity and each with full operating responsibility for the functions and activities relating to housing heretofore vested in them by the Congress. This is so because, while these functions and activities are directed toward the same primary and common objective and, therefore, are so interrelated as to require an administrative organization which will provide the necessary general supervision and coordination, each involves a different approach with consequent important variations in operating techniques.

For the reasons hereinafter indicated, your committee is of the opinion that Reorganization Plan No. 3 of 1947 is effectively designed to comply with each of these guiding considerations.

DESCRIPTION OF REORGANIZATION PLAN NO. 3

Reorganization Plan No. 3 of 1947 groups nearly all of the permanent housing agencies and functions of the Government, and the remaining emergency housing activities, in a Housing and Home Finance Agency, with the following constituent operating agencies:

(a) A Home Loan Bank Board to administer the functions of the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation;

(b) A Federal Housing Administration to administer the functions of that agency as now constituted;

(c) A Public Housing Administration to take over the functions of the United States Housing Authority, and certain remaining emergency housing activities pending the completion of their liquidation.

Each constituent agency will possess its individual identity and be responsible for the operation of its program.

The plan provides that the functions with respect to the Home Loan Bank System and related agencies shall be administered by a bipartisan board, as originally provided in the Federal Home Loan Bank Act, rather than by a single Commissioner as was deemed advisable under Executive Order 9070 of 1942 because of the exigencies of the war and the immediate postwar period. However, in the

interest of efficiency and economy, the plan provides for a Board of three members, rather than a five-member Board as originally created. Consistent with the function of the Chairman of the Board (under the plan, as under the Home Loan Bank Act) as chief executive officer of the Board, the plan provides that the Chairman of the Board shall "appoint and direct the personnel necessary for the performance of the functions of the Board." Under the plan, as under the act, the rule- and regulation-making functions are in the Board and not in the Chairman. Appointments of members of the Home Loan Bank Board are subject to confirmation by the Senate, as are appointments to the other offices provided for by the plan.

Under the plan, the Federal Housing Administration has the same functions and its Commissioner has the same authority as he had under the set-up prior to the establishment of the National Housing Agency under Executive Order 9070, and he would be responsible for the same activities as that agency now administers.

The Public Housing Administration would have the low-rent housing functions heretofore authorized by the Congress for the United States Housing Authority and the functions with respect to nonfarm housing originally transferred from the Farm Security Administration (including the three large-scale projects, Greenbelt in Maryland, Green Hills in Ohio, and Greendale in Wisconsin), together with the liquidation and dissolution of the Defense Homes Corporation.

The Housing and Home Finance Agency would be headed by an Administrator who would be responsible for the general supervision and coordination of the functions of the constituent agencies. For that purpose the plan transfers to the Administrator the supervisory and coordinating powers with respect to these same agencies and functions which were formerly vested in the Federal Loan and Federal Works Administrators by the reorganization of 1939.¹ Stated from the point of view of the constituent agencies, this means that the Home Loan Bank Board and the Federal Housing Administration will have the same status in, and relation to, the Housing and Home Finance Agency and the Housing and Home Finance Administrator as the Federal Home Loan Bank Board and the Federal Housing Administration formerly had to the Federal Loan Agency, and the Federal Loan Administrator. Similarly, the Public Housing Administration will have the same status in, and relation to, the Housing and Home Finance Agency and its Administrator as the United States Housing Authority formerly had to the Federal Works Agency and the Federal Works Administrator.

The Housing and Home Finance Administrator is also made responsible for the administration and liquidation of the national defense and war housing program undertaken during the war period, including temporary reuse housing for veterans, and the disposition of the permanent war housing and the removal of the temporary war housing.

¹ These powers are contained in secs. 301 (a) and 402 (c) of the 1939 reorganization (U. S. C., title 5, following sec. 133t). Sec. 301 (a) provided that the Federal Works Administrator "shall have general direction and supervision" of several agencies, including the United States Housing Authority, and shall be responsible for the coordination of their functions." Sec. 402 (c) provided that the Federal Loan Administrator "shall supervise the administration, and shall be responsible for the coordination of the functions and activities of the * * * Federal Home Loan Bank Board, Home Owners' Loan Corporation, Federal Savings and Loan Insurance Corporation, Federal Housing Administration, * * *." By sec. 1 (i) of Executive Order 9070 of 1942, these supervisory and coordinating powers of the Federal Loan and Works Administrators with respect to these housing agencies and functions were temporarily transferred to the National Housing Administrator for the duration of the present temporary consolidation of housing agencies and functions.

In summary, then, the plan brings together in a single establishment all of the presently authorized housing agencies, and all of the presently authorized major housing functions and activities of the Federal Government except those which are integral parts of other main governmental programs, or which are of very limited duration, or which, under the limitations of the Reorganization Act, apparently cannot be dealt with in such a plan. These exceptions involve such functions as the guaranteeing or insuring of home loans to veterans under the Servicemen's Readjustment Act of 1944, and certain farm-housing functions closely tied into the financing of other types of farm improvement and with the general farm-economy programs administered by the Department of Agriculture.

Because of such exceptions, the plan creates a National Housing Council on which the Housing and Home Finance Agency and each of its constituent agencies, and the other departments and agencies having important housing functions, are represented. These other departments and agencies include the Veterans' Administration, the Reconstruction Finance Corporation, and the Department of Agriculture. In this way the plan provides a medium for mutual consultation and advice, thus further promoting the most effective use of all the major housing functions of the Government.

A detailed section by section analysis of the plan is set forth hereinafter.

COMPARISON WITH REORGANIZATION PLAN NO. 1 OF 1946

In reporting favorably on the Housing Reorganization Plan of 1947, this committee has acted in full recognition of the rejection by the Seventy-ninth Congress of Reorganization Plan No. 1 of 1946. The present plan differs in essential respects. These differences go to the very heart of the reasons for the rejection of the 1946 plan, and in the opinion of the committee, satisfactorily meet the objections that were raised with respect to that plan.

First, the 1946 plan vested undue powers in the Administrator. It provided that the administration of the functions vested in the heads of the constituent agencies should be "subject to the authority of the Administrator." That authority was stated to be "general superintendence, direction, coordination, and control of the affairs" of the over-all agency and its constituent units.

In distinct contrast with these provisions of last year (and also with the provisions of Executive Order 9070 under which the constituent units of the present National Housing Agency are administered under "direction" as well as "supervision"), the powers of the Housing and Home Finance Administrator under the 1947 plan approved by your committee are those of "general supervision and coordination of the functions of the constituent agencies".

The constituent agencies under the 1947 plan would have the same status in and relation to the Housing and Home Finance Administrator as they had, prior to the establishment of the National Housing Agency, to the Federal Loan and Federal Works Agencies, respectively, and the Administrators thereof. Operations under these previously existing supervisory and coordinating powers prior to the temporary consolidation of the agencies and functions into the National Housing

Agency demonstrated clearly that the powers of the various agencies were adequately safeguarded.

Second, the 1946 plan transferred permanent housing functions and activities affected by it to the Housing and Home Finance Agency as such or to the Housing and Home Finance Administrator as such. The 1947 plan, on the other hand, transfers such permanent functions and activities directly to the constituent agencies, thus assuring that they will retain their essential individual identity and have full operating responsibility for the functions and activities relating to housing which have been vested in them by the Congress.

Third, the 1946 plan provided that the Home Loan Bank System and related agencies would be administered by a single Commissioner, as was provided in Executive Order 9070. It will be recalled that last year the proposed abolition of the Home Loan Bank Board was one of the primary reasons for opposition to the 1946 plan. The 1947 plan reestablishes a bipartisan Board for this major function.

Fourth, the 1946 plan failed to provide specific machinery for facilitating consistency between the housing functions and activities of the top agency (and its constituents) with the housing functions and activities of the Government which were not included therein. The 1947 plan meets this objection by the creation of a National Housing Council in the Housing and Home Finance Agency.

ANALYSIS OF MAIN OBJECTIONS ADVANCED AGAINST THE PLAN

The confusions and misunderstanding that have arisen with respect to this plan make it desirable to analyze the objections that have been raised.

The primary objections were that the plan mixes dissimilar functions of credit and public welfare; that it places excessive powers in the head of the agency, with the further result that the housing activities of the Government in aid of private enterprise could be made subordinate to the public housing activities; that the plan means the establishment of a "superbureaucracy"; that the plan would not make for economy; and that the plan violates in various respects the provisions of the reorganization Act of 1945, under the authority of which the plan was transmitted to the Congress.

It may be noted at the very outset that the respective Commissioners of the Federal Housing Administration, the Federal Public Housing Authority, and the Federal Home Loan Bank Administration have indicated without qualification that in their considered opinion, the plan is sound and workable and that the objections raised are without merit. Similar views have been indicated by one of the leading private building and loan groups which actively opposed the 1946 plan.

Concededly, each of the agencies grouped in the Housing and Home Finance Agency uses different techniques and methods of operation. It is equally true, however, that each agency has the same objective, and that its techniques and methods are employed for the accomplishment of that objective—better housing for the American people.

Credit reserves and insurance of accounts for home-financing institutions of the savings and loan type; insurance of home-mortgage loans and financial institutions against losses on home repair and improvement loans; and loans and contributions for low-rent public housing, represent the means, rather than the end. An administra-

tive organization of agencies and functions on the basis of technique employed, method of operation or abstraction of function, rather than fundamental purpose, is contrary to sound administration. Administrative organization of the executive branch on such a basis could only result in almost every agency having responsibilities for unrelated segments of each major program with no single establishment held together by a singleness of fundamental purpose.

The analysis heretofore made in this report with respect to the powers of the Administrator demonstrates that there is no substance either to the charge of "superbureaucracy" or excessive centralization of powers, or to the charge that the plan will result in subordination of one constituent agency or authorized function or activity to another. On the contrary, the plan provides the practicable means of securing the essential general supervision and coordination which is its objective without either creating an oversized structure, or dividing the responsibility or impairing the initiative of the constituent agencies for the operation of the functions and activities assigned to them. The agencies affected would be subject to the same type and degree of supervision as under the Federal Loan and Federal Works Administrators provided by the reorganization of 1939 and proposed to be perpetuated by S. 1179, pending before your committee.

It is clear to a majority of your committee that the housing functions of the Government should be focused, as they would be under the plan, upon the primary and common objective of housing rather than on subsidiary objectives related to credit, fiscal, and public-works programs. It is the wiser policy, for example, to have public housing located in a housing agency along with activities dealing with aids to privately financed housing, where the role of public housing necessarily must be supplementary, rather than in a public works agency where the controlling concepts of housing need may be colored by unemployment, public works or relief policies. Thus, the plan is entirely consistent with the national policy of maximum reliance upon and aids to private enterprise to meet the housing needs of this country.

Opponents of the Housing Reorganization Plan of 1947 have held up the 1939 reorganization as the desirable goal and urged that the agencies be permitted automatically to revert to such status under the Federal Loan and Federal Works Agencies. However, apart from the undesirability of such an arrangement, approval of the Conference report on Senate Joint Resolution 135 on June 28 will undoubtedly carry into law section 204 of that resolution, which abolishes the Federal Loan Agency, as of June 30, 1947. Upon expiration of authority for the present temporary administrative organization of housing agencies, the Federal Housing Administration, Federal Home Loan Bank Board, Federal Savings and Loan Insurance Corporation, and the Home Owners Loan Corporation, would therefore become separate and independent agencies. Such a result would further complicate and confuse the housing picture. This difficulty cannot be resolved by a mere coordinating mechanism. All past experience has demonstrated clearly the superiority of an organizational grouping as provided in the 1947 plan, over any type of administrative arrangement to coordinate many separate and independent agencies through a board composed of representatives of the agencies or through an individual coordinator.

With respect to the alleged fear of domination of Federal activities in housing by "public housing philosophy," it should be recognized that the plan does give public housing functions any more place in the agency than Congress has already authorized. The Administrator cannot, under the plan, give public housing a greater scope than Congress has given it.

The chief difference between one main housing agency and many housing agencies is that, in the case of the former, the Congress has much better opportunity and facilities for knowing fully and promptly what is being done, and therefore, it is much better enabled to execute its own prime function of determining basic policy and vigilantly scrutinizing the nature of its administration.

In the judgment of the committee, there is every reason to expect that the plan will mean real efficiency and economy. No elaboration is necessary to prove that without the general supervision and coordination of the functions and activities of the constituent agencies provided in the reorganization plan, each would undertake separately its own independent general statistical studies, technical research and similar matters, and would duplicate other activities which are common to the programs of all of them and which, as contemplated by the plan, could be done for all of them on a mutually satisfactory basis by a single central unit more economically.

With respect to the legality of the plan, the committee has received opinions by the Attorney General and by the general counsel of the National Housing Agency which make it clear that there is no valid objection to the plan on that basis. These opinions are set forth in the appendix.

SECTION BY SECTION ANALYSIS OF REORGANIZATION PLAN NO. 3 OF 1947

SECTION 1. HOUSING AND HOME FINANCE AGENCY

This section provides that there shall be in the Housing and Home Finance Agency three constituent agencies, to be known as the "Home Loan Bank Board," the "Federal Housing Administration," and the "Public Housing Administration," and identifies generally the primary housing agencies and functions which would be consolidated into these three constituent agencies.

The existing agencies and functions being consolidated, and the particular units to which their functions are being transferred, are indicated in fuller detail in sections 2 through 5. In summary outline form, they are as follows:

HOME LOAN BANK BOARD

Federal Home Loan Bank Board:

(1) Federal Home Loan Bank System.

(2) Federal Savings and Loan Association System.

Federal Savings and Loan Insurance Corporation.

Home Owners' Loan Corporation.

United States Housing Corporation.

FEDERAL HOUSING ADMINISTRATION

Title I. Home modernization and improvement loan insurance.

Title II. Home and rental housing mortgage loan insurance.

Title VI. War and veterans' home and rental housing mortgage loan insurance.

PUBLIC HOUSING ADMINISTRATION

United States Housing Authority.
Nonfarm public housing of Farm Security Administration.
Defense Homes Corporation.

HOUSING AND HOME FINANCE ADMINISTRATOR

General supervision and coordination of the functions of the above constituent agencies.

Lanham Act war and veterans' housing.
Temporary Shelter Acts war housing.
Public Law 781 war housing.

SECTION 2. HOME LOAN BANK BOARD

This section sets forth the administrative organization of the Home Loan Bank Board and the housing agencies and functions being transferred to it. In so doing, it follows the prewar pattern, established in connection with the Federal Home Loan Bank Board, of having the agency headed up by a bipartisan board, the essential difference being that it would now be a three-member board, as compared with the prewar five-member board. The section provides for 4-year terms for the members of the Board, with the terms expiring on a staggered basis. Each member of the Board would be appointed by the President (who would also designate the Chairman), by and with the advice and consent of the Senate, and would receive compensation at the rate of \$10,000 per annum.

The housing agencies and functions which are transferred by the reorganization plan to the Home Loan Bank Board are—

(1) The Federal Home Loan Bank Board, which has the responsibility for the supervision and regulation of the Federal Home Loan Bank System, under the authority of the Federal Home Loan Bank Act (12 U. S. C. 1421), and for the chartering, supervision, and regulation of Federal savings and loan associations, under the authority of the Home Owners' Loan Act of 1933 (12 U. S. C. 1461).

(2) The Federal Savings and Loan Insurance Corporation, which administers the program of insurance of accounts of savings and loan associations, pursuant to title IV of the National Housing Act (12 U. S. C. 1724).

(3) The Home Owners' Loan Corporation, and the liquidation of its home-mortgage program, undertaken under the Home Owners' Loan Act of 1933 (12 U. S. C. 1461).

(4) The dissolution of the United States Housing Corporation, which was established to provide war housing during World War I.

SECTION 3. FEDERAL HOUSING ADMINISTRATION

This section transfers to the Federal Housing Administration, the functions of the Federal Housing Administration established pursuant to the National Housing Act (12 U. S. C. 1701).

These functions include the title I program of FHA insurance of home modernization and improvement loans; the title II program of FHA insurance of home and rental housing mortgage loans; and the

title VI program, which as originally enacted provided for FHA's war-housing program, and which was extended last year to provide for insurance of loans for homes and rental housing for veterans.

This constituent agency would be headed by a Federal Housing Commissioner, without specific term, who would be appointed by the President, by and with the advice and consent of the Senate, and receive compensation at the rate of \$10,000 a year.

SECTION 4. PUBLIC HOUSING ADMINISTRATION

This section provides that the Public Housing Administration is to be headed by a Public Housing Commissioner, without specific term, who would be appointed by the President, by and with the advice and consent of the Senate, and receive compensation at the rate of \$10,000 a year. The agencies and functions transferred to this constituent agency are:

(1) The United States Housing Authority and its program of Federal financial assistance to communities for low-rent housing, established pursuant to the United States Housing Act of 1937 (42 U. S. C. 1401), as amended by Public Law 671, Seventy-sixth Congress.

(2) The administration and ultimate disposition of nonfarm housing projects formerly under the Farm Security Administration and constructed under the authority of title II of the National Industrial Recovery Act (40 U. S. C. 401) and the Emergency Relief Appropriation Act of 1935 (49 Stat. 115).

(3) The Defense Homes Corporation established by the Reconstruction Finance Corporation to provide needed war housing, and the completion of its liquidation and dissolution.

SECTION 5. HOUSING AND HOME FINANCE ADMINISTRATOR

This section provides that the Housing and Home Finance Agency shall be headed by a Housing and Home Finance Administrator, without specific term, to be appointed by the President, by and with the advice and consent of the Senate, and to receive compensation at the rate of \$10,000 per annum.

The Administrator would be responsible for the general supervision and coordination of the functions of the three constituent agencies, and for this purpose there are transferred to him the supervisory and coordinating powers formerly vested (1) in the Federal Loan Administrator with respect to the Federal Home Loan Bank Board, the Home Owners' Loan Corporation, the Federal Savings and Loan Insurance Corporation, and the Federal Housing Administration, and (2) in the Federal Works Administrator with respect to the United States Housing Authority.

The Housing and Home Finance Administrator is also made responsible for the administration and liquidation of the national defense and war-housing program undertaken during the war period, under the authority of the Lanham Act (Public Law 849, 76th Cong.), the Temporary Shelter Acts (Public Law 9, 73, and 353, 77th Cong.), and Public Law 781, Seventy-sixth Congress. These functions also include the provision of temporary housing for veterans and their families, both as part of the general community supply and at educational institutions, under the authority of title V of the Lanham Act. Likewise, they include the ultimate disposi-

tion of the permanent war housing and the removal of the temporary war housing. This is in line with previous actions by the Congress placing these functions in the National Housing Administrator and permitting actual operations to be delegated to operating agencies and carried out under his supervision.

The Administrator would also hold on behalf of the United States the capital stock of the Defense Homes Corporation whose liquidation would, as indicated under section 4, be carried out by the Public Housing Administration.

SECTION 6. NATIONAL HOUSING COUNCIL

Since there are a few housing activities which it is not feasible to place within the Housing and Home Finance Agency because they form integral parts of other broad programs or because of specific limitations in the Reorganization Act of 1945, or because they are of limited duration, this section creates a National Housing Council on which the Housing and Home Finance Agency and its constituent agencies, and the other departments and agencies having important housing functions, are represented. These other agencies are the Veterans' Administration, the Reconstruction Finance Corporation, and the Department of Agriculture. This Council provides the means for working out harmonious relationships with respect to the housing and related functions of the participating agencies.

In this way the reorganization plan provides machinery for promoting the most effective use of all the housing functions of the Government, for obtaining consistency between these functions and the general economic and fiscal policies of the Government, and for avoiding duplication and overlapping of housing activities.

SECTION 7. INTERIM APPOINTMENTS

To avoid hiatus in the administration of housing functions, pending the initial appointment, and confirmation by the Senate, of the new officers provided for by the plan, it permits the designation by the President of appropriate existing housing officials to perform temporarily the functions of these officers.

SECTION 8. TRANSFERS OF PROPERTY, PERSONNEL, AND FUNDS

This section is simply the standard provision providing for the transfer of records, property, and personnel with the functions and agencies being transferred.

SECTION 9. ABOLITIONS

This section is simply a technical provision specifically listing the offices and boards that would be abolished on the basis of the transfers to the three constituent agencies provided by sections 2, 3, and 4 of the plan.

The boards and offices affected are the Federal Home Loan Bank Board, HOLC's Board of Directors, FSLIC's Board of Trustees, and the FHA and USHA administratorships.

APPENDIX

DEPARTMENT OF JUSTICE,
June 20, 1947.

HON. CHARLES W. TOBEY,
*Chairman, Banking and Currency Committee,
United States Senate, Washington, D. C.*

DEAR SENATOR TOBEY: My attention has been called to the fact that during the Senate Banking and Currency Committee hearings on Reorganization Plan No. 3, question was raised as to the legality of the plan.

I desire to inform your committee that Reorganization Plan No. 3 of 1947 was transmitted to the President after careful study of its provisions, and that I advised him that the plan and the accompanying message had my approval as to form and legality. I attached no qualification or limitation whatever upon my approval and my opinion remains unchanged. In my opinion the plan conforms to the letter and spirit of the Reorganization Act of 1945.

My attention has been directed to certain specific contentions with respect to the legality of Plan No. 3. The general counsel of the National Housing Agency, with the advice of officials of this Department, has prepared a memorandum discussing these contentions. In my view this memorandum clearly demonstrates that the provisions of the plan are fully in conformity with the Reorganization Act of 1945. I entirely concur in the conclusions there stated.

With kind personal regards,
Sincerely yours,

TOM CLARK, *Attorney General.*

NATIONAL HOUSING AGENCY,
Washington, D. C., June 20, 1947.

HON. CHARLES W. TOBEY,
United States Senate, Washington, D. C.

DEAR SENATOR TOBEY: I have been informed concerning the contentions made during the course of the Senate Banking and Currency Committee hearings on Reorganization Plan No. 3 of 1947 that the plan violates certain provisions of the Reorganization Act of 1945. I have also been advised of the request of Senator Capehart, who was presiding when these contentions were advanced, that this Agency advise the committee concerning the merits of such contentions.

As you know, as to the form and legality of Reorganization Plan No. 3 of 1947, the President received his legal advice from the Attorney General, and not from this Agency. However, it is appropriate for me to respond to Senator Capehart's request by indicating the matters which have been brought to my attention officially with respect to these contentions.

This matter has been fully discussed with our general counsel and in accordance with the request of Senator Capehart I transmit the legal opinion dealing with these matters. Our general counsel has also advised me that the Attorney General concurs in the conclusions stated in this opinion.

There is no objection to the inclusion of this letter and the accompanying material in the public record of the hearings on the plan.

Sincerely yours,

RAYMOND M. FOLEY, *Administrator.*

Enclosure.

OFFICE MEMORANDUM

JUNE 20, 1947.

To: Raymond M. Foley, Administrator.
From: B. T. Fitzpatrick, General Counsel.
Subject: Reorganization Plan No. 3 of 1947.

This memorandum discusses certain contentions regarding the legality of Reorganization Plan No. 3 of 1947 which were raised during the Senate Banking and Currency Committee hearings on the plan. Each of the four contentions are separately stated and discussed below.

I desire also to bring to your attention the fact that in the preparation of this memorandum I have had the benefit of the advice of officials of the Department of Justice; also that with respect to the contentions Nos. 2 and 4 in this memorandum, and which relate to operations which at present are the concern of the Federal Home Loan Bank Administration, I have consulted with the general counsel of the Federal Home Loan Bank Administration who concurs in my conclusion that these contentions are without merit.

On the basis of this advice and consultation and on the basis of my own study of the plan, the Reorganization Act of 1945 and other pertinent statutes, I have concluded that these contentions are without merit.

I

It was contended that the plan continues agencies and functions beyond the period authorized by law for their existence or exercise, contrary to sections 5 (a) (3) and 5 (a) (4) of the Reorganization Act of 1945.

The plan does not continue any temporary agencies or functions beyond the period authorized by law for their existence or exercise, and does not violate the provisions of sections 5 (a) (3) and 5 (a) (4) of the Reorganization Act. The plan merely consolidates various presently authorized agencies and functions which, under the plan, remain subject to any and all limitations the Congress has attached to their existence or exercise. The plan does not in any way affect, or purport to affect, the life of the agencies and functions consolidated into the Housing and Home Finance Agency. This same contention was raised in connection with the plan submitted last year, and a memorandum of the Department of Justice that the consolidation did not continue temporary agencies and functions beyond the period authorized by law for their existence or exercise was submitted by George T. Washington, Assistant Solicitor General. This memorandum is set forth in full at page 241 of the printed hearings before the Senate Judiciary Committee on Senate Concurrent Resolutions 64, 65, and 66, Seventy-ninth Congress.

II

It was contended that in the case of the Home Loan Bank Board, the plan imposes limitations greater than those presently existing upon the independent exercise of quasi-judicial or quasi-legislative functions, contrary to section 5 (a) (6) of the Reorganization Act of 1945.

Similarly, the contention made as to the imposition of limitations greater than those presently existing upon the independent exercise of quasi-judicial or quasi-legislative functions was made last year. In this connection, also, a memorandum of the Department of Justice was submitted by Mr. Washington to the effect that there was compliance with the applicable provisions of the Reorganization Act. This memorandum is set forth at page 239 of the printed hearings referred to above. In the case of Reorganization Plan No. 3 of 1947, there is even less question as to compliance with the provisions of section 5 (a) (6) because of the fact that, under the provisions of section 5 (b) of the plan, the Home Loan Bank Board will, as specifically pointed out in the message of the President transmitting the plan, have the same status in, and relation to, the Housing and Home Finance Agency and the Housing and Home Finance Administrator as the Federal Home Loan Bank Board and its related agencies formerly had to the Federal Loan Agency and the Federal Loan Administrator.

Moreover, the pending plan simply places in the Housing and Home Finance Administrator responsibility for the "general supervision and coordination of the functions of the constituent agencies of the Housing and Home Finance Agency," as compared with the more extensive powers placed in the Administrator by section 506 (c) of last year's plan. These latter included "general superintendence, direction, coordination, and control of the affairs of the National Housing Agency and its constituent units; the promulgation of such rules and regulations as the Administrator deems necessary to carry out his responsibilities under the provisions of this plan; and the review and approval, to such extent as he deems necessary, of the rules and regulations made by the Commissioners."

Even on the basis of these provisions of the 1946 plan the Committee on the Judiciary last year in reporting unfavorably the concurrent resolution to disapprove Reorganization Plan No. 1 of 1946, stated that: "It has been contended that the provisions of this subsection are not in compliance with the Reorganization Act of 1945, for the reason that such provisions violate the requirements of section 5 (a) (6) of the Reorganization Act, * * *. The committee have been

satisfied, by testimony of witnesses, by memoranda from Government legal authorities, and by its own examination of the statute, of the legality of the provisions of this subsection." (Rept. No. 1670.)

The authority of the chairman under section 2 (b) (2) of the plan to appoint and direct "the personnel necessary for the performance of the functions of the Board or of the chairman or of any agency under the Board" clearly gives him no authority to direct the other members of the Board in the performance of their functions. It in no way imposes any limitation upon the exercise of independent judgment or discretion by the Board in connection with any quasi-judicial or quasi-legislative function.

III

It was contended that the plan creates a new agency, contrary to the intent of the Congress as expressed in the Reorganization Act of 1945.

Insofar as the provisions of the plan consolidating the various existing agencies and functions into a Housing and Home Finance Agency would create a new agency, this does not violate the intent of Congress as expressed in the act; on the contrary this would be in strict conformity with the intent of the Congress as disclosed in sections 2 and 4 of the act. Specifically, paragraph (4) of section 2 (a) of the act, together with section 3, indicates the intent of Congress to authorize a reorganization plan which would "group, coordinate, and consolidate agencies and functions of the Government, as nearly as may be, according to major purposes." This is precisely what the plan does. Section 4 of the act specifically indicates the expectation of the Congress that, when agencies and functions are consolidated in accord with the intent expressed in section 2 of the act, an agency may result from such action. Paragraph (1) of section 4 of the act specifically requires the President to "designate the name of any agency resulting from a reorganization and the title of its head." Furthermore, paragraph (2) of section 4 of the act provides that the President may include in a reorganization plan provisions for the appointment and compensation of the head of any agency "including an agency resulting from a consolidation." This, also, is precisely what the plan does. Section 1 of the plan designates the name of the agency resulting from the consolidation as the Housing and Home Finance Agency. Section 5 of the plan designates the title of its head as the Housing and Home Finance Administrator, and provides for his appointment and compensation.

IV

It was contended that the plan authorizes the exercise of functions not expressly authorized by law, contrary to section 5 (a) (5) of the act, and specifically in terms of the provisions of section 2 (b) (2) of the plan which places the appointing power over certain personnel in the Chairman of the Home Loan Bank Board.

This contention is based on section 2 (b) (2) of the plan which provides that the Chairman of the Home Loan Bank Board is to "appoint and direct the personnel necessary for the performance of the functions of the Board or of the Chairman or of any agency under the Board." The legality of this provision was questioned on the basis of an allegation that it places in the Chairman the power to appoint all personnel, not only of the Home Loan Bank Board itself but also of the Federal home loan banks and the Federal savings and loan associations; that it permits him to arbitrarily remove personnel of the Federal home loan banks without giving notice of the suspension or removal as required by section 17 of the Federal Home Loan Bank Act; and that by placing such functions in the Chairman alone it creates new functions not presently authorized by law.

This provision was never intended to place in the Chairman of the Board powers with respect to personnel other than in "agencies" in the sense of the Home Loan Bank Board itself, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation. The term "agencies" as used in the plan was never intended to refer to the Federal home loan banks or the Federal savings and loan associations. Moreover, in my opinion, such an interpretation would not be sustainable as a matter of law. As is indicated by section 7 of the Reorganization Act, the term "agency" has reference only to agencies "in the executive branch of the Government." A construction of that term to include Federal savings and loan associations would mean that the Congress intended by the Reorganization Act to authorize the President to consolidate, say, two such associations or to transfer the functions of one to another. Obviously, there was no such intention.

In addition, section 5 (a) (5) of the Reorganization Act expressly provides that no reorganization under the act shall have the effect of authorizing any agency to exercise any function which is not expressly authorized by law, and the provision of section 2 (b) (2) must be interpreted in light of this provision. Thus, for this completely independent reason also, there would appear to be no basis for the fears expressed as to suspension or removal of Federal home loan bank officials even if the term "agency" as used in section 2 (b) (2) of the plan included the Federal home loan banks, which it does not. Finally, it is clear that the provisions of section 2 (b) (2) of the plan which place such powers with respect to personnel in the Chairman of the Board do not—in fact cannot—create new functions; they merely designate the particular officer to whom functions presently authorized by law are transferred in accordance with the express authority contained in the Reorganization Act, particularly sections 3 (1) and 7.

B. T. FITZPATRICK, *General Counsel.*



80TH CONGRESS
1ST SESSION

Calendar No. 412

H. CON. RES. 51

[Report No. 400]

IN THE SENATE OF THE UNITED STATES

JUNE 19 (legislative day, APRIL 21), 1947

Read twice and referred to the Committee on Banking and Currency

JUNE 30 (legislative day, APRIL 21), 1947

Reported adversely by Mr. FLANDERS, and placed on the calendar

CONCURRENT RESOLUTION

1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*. That the Congress does not favor the Reorgani-
3 zation Plan Numbered 3 of May 27, 1947, transmitted to
4 Congress by the President on the 27th day of May 1947.

Passed the House of Representatives June 18, 1947.

Attest:

JOHN ANDREWS,

Clerk.

80TH CONGRESS
1ST SESSION

H. CON. RES. 51

[Report No. 400]

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 3 of May 27, 1947.

JUNE 19 (legislative day, APRIL 21), 1947
Read twice and referred to the Committee on
Banking and Currency

JUNE 30 (legislative day, APRIL 21), 1947
Reported adversely and placed on the calendar

which were reported in disagreement (pp. 9809-16). This bill will now be sent to the President.

11. PERSONNEL. The Civil Service Committee reported without amendment S. 430, to amend the Civil Service Retirement Act so as to make it applicable to officers and employees of the national farm-loan associations and production-credit associations (S.Rept. 666) (p. 9805).
12. RESEARCH. Both Houses agreed to the conference report on S. 526, which creates a National Science Foundation of 24 members to be appointed by the President and confirmed by the Senate, to formulate, develop, and establish a national policy for promotion of fundamental research and education in the sciences and to correlate its scientific programs with those undertaken by individuals and by public and private research groups; provides for an executive committee of the Foundation and a Director to be appointed by the Foundation; establishes an interdepartmental committee comprised of representatives of Government agencies as determined by the President on the basis of scientific activities, to aid in coordinating research programs of Government agencies; provides that the activities of the Foundation shall supplement, and not supersede, curtail, or limit the functions or activities of other Government agencies; authorizes Government agencies to make transfers from their research funds to the Foundation for such use as is consistent with the purposes for which the funds were provided; abolishes the Office of Scientific Research and Development; and transfers the National Roster of Scientific and Specialized Personnel from the Labor Department to the Foundation (pp. 9838-50, 9913). Rejected, 38-46, a motion by Sen. Morse, Oreg., to postpone consideration of the conference report until January, 1948 (p. 9847-50). This bill will now be sent to the President.
13. WATER POLLUTION. The Public Works Committee reported without amendment S. 1418, to grant consent of Congress to an interstate compact relating to control and reduction of pollution in the waters of the New England States (S.Rept. 680) (p. 9804).
14. LATIN AMERICA. The Foreign Relations Committee reported without amendment S. 1678, to provide for the reincorporation of the Institute of Inter-American Affairs (S.Rept. 675) (p. 9805).
The Foreign Relations Committee reported with amendments H.J.Res. 231, providing for the membership and participation by the U.S. in the Caribbean Commission (S.Rept. 684) (p. 9805).
15. HOUSING AUDIT. Sen. Aiken, Vt., inserted the report of the Expenditures in the Executive Departments Committee on the GAO audit of the Federal Public Housing authority (S.Rept. 665) (p. 9805).
16. APPROPRIATIONS. Received from the President a 1948 supplemental appropriation estimate of \$17,900 for the Bureau of Animal Industry to provide needed repairs and improvements to station facilities and replacement of worn out equipment at Chinsegut Hill Sanctuary Station (S.Doc. 95); to Appropriations Committee (p. 9803).
17. NOMINATIONS. The Interstate and Foreign Commerce Committee reported the nominations of David K.E. Bruce to be Assistant Secretary of Commerce and W.A. Ayres to be a Federal Trade Commissioner (p. 9806).
18. GARBAGE DISPOSAL. Sen. Knowland, Calif., submitted an amendment he intends to propose to H.R. 597, to regulate the depositing of foreign garbage in the U.S. and its territorial waters, and Sen. Capper, Kans., discussed an amendment

which he has proposed to the same bill, regarding the preservation of the authority of the Public Health Service under the quarantine laws (p. 9807).

19. LANDS. Concurred in the House amendments to S. 1185, to authorize Interior Department to dispose of sand, stone, gravel, yucca, and other materials on the public domain (pp. 9808-9). This bill will now be sent to the President.
20. HOUSING. Disagreed, 38-47, to H.Con. Res. 51, against adoption of the President's Reorganization Plan 3, regarding consolidation of housing agencies; thus, in effect, approving the plan (pp. 9809, 9816-37).
21. FISHERIES. Concurred in a House amendment to S. 682, to regulate the interstate transportation of black bass and other game fish (p. 9872). This bill will now be sent to the President.
22. PRICE CONTROLS. Received the report of the OPA for the 2-month period ending May 31, 1947 (p. 9803).

BILLS INTRODUCED

23. PERSONNEL. S. 1701, by Sen. Langer, N.Dak., relating to reemployment rights of persons who were released from Government employment to engage in private employment in support of the war effort. To Civil Service Committee. (p.9806)
24. MINERALS; LANDS. H.R. 4323, by Rep. Barrett, Wyo., to promote the mining of coal, phosphate, sodium, potassium, oil, oil shale, gas, and sulfur on lands acquired by the U.S. To Public Lands Committee. (p. 9935.)
25. R.F.C. H.R. 4324, by Rep. Brown, Ga., "to amend the Reconstruction Finance Corporation Act." To Banking and Currency Committee. (p. 9935.)

ITEMS IN APPENDIX

26. SECTION 32 FUNDS. Extension of remarks of Rep. Murray, Wis., criticizing the "huge" amount of Sec. 32 funds and their effect on cotton programs and on the purchase and distribution of eggs, and including statistics on the subjects (pp. A3944-5, A3954-5).
Extension of remarks of Rep. D'Ewart, Mont., opposing the giving of the large amount of Sec. 32 funds to an "appointed Federal officer", inserting a tabulation of wool imports, and pointing out how Sec. 32 funds are used (p. A3938).
27. FLOOD CONTROL. Speech in the House by Rep. Curtis, Nebr., pointing out the need for careful consideration of the Interior appropriations in connection with flood-control work, and including a telegram relative to present floods in Nebr. (pp. A3961-2).
Sen. Taylor, Idaho, and Rep. Tibbott, Pa., inserted editorials favoring the President's flood-control plan (p. A3977).
28. PERSONNEL. Sen. Chavez, N. Mex., inserted an Evening Star article, "On the Other Hand--Congress May Do the Unforgivable in Seeking to Enforce Loyalty by Law (pp. A3962-3).
29. WATER POLLUTION. Extension of remarks of Rep. McDonough, Calif., urging action on legislation to control water pollution and inserting an Industrial and Engineering Chemistry article on the subject (pp. A3973-4).
30. TRANSPORTATION. Extension of remarks of Rep. Folger, Calif., pointing out the

H. CON. RES. 51

IN THE SENATE OF THE UNITED STATES

JUNE 19 (legislative day, APRIL 21), 1947

Referred to the Committee on Banking and Currency

JUNE 30 (legislative day, APRIL 21), 1947

Reported adversely by Mr. FLANDERS, and placed on the calendar

JULY 22 (legislative day, JULY 16), 1947

Considered and rejected

CONCURRENT RESOLUTION

- 1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That the Congress does not favor the Reorgani-
3 zation Plan Numbered 3 of May 27, 1947, transmitted to
4 Congress by the President on the 27th day of May 1947.

Passed the House of Representatives June 18, 1947.

Attest:

JOHN ANDREWS,

Clerk.

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 3 of May 27, 1947.

JUNE 19 (legislative day, APRIL 21), 1947

Referred to the Committee on Banking and Currency

JUNE 30 (legislative day, APRIL 21), 1947

Reported adversely and placed on the calendar

JULY 22 (legislative day, JULY 16), 1947

Considered and rejected

to"; on the same page, line 5, after "gravel", to insert "yucca, manzanita, mesquite, cactus, common clay,"; on page 2, line 2, after "Secretary", to insert "Provided, however, That, to the extent not otherwise authorized by law, the Secretary is authorized in his discretion to permit any Federal, State, or Territorial agency, unit or subdivision, including municipalities, or any person, or any association or corporation not organized for profit, to take and remove, without charge, materials and resources subject to this act, for use other than for commercial or industrial purposes or resale"; and on the same page, line 20, strike out "at least 30 days" and insert "four consecutive weeks."

Mr. CORDON. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

REORGANIZATION PLAN NO. 3 OF 1947

The Senate resumed the consideration of the resolution (H. Con. Res. 51) that the Congress does not favor the Reorganization Plan No. 3 of May 27, 1947, transmitted to Congress by the President on the 27th of May 1947.

Mr. TAFT. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Murray
Baldwin	Hawkes	Myers
Ball	Hayden	O'Connor
Barkley	Hickenlooper	O'Daniel
Brewster	Hill	O'Mahoney
Bricker	Hoey	Overton
Bridges	Holland	Pepper
Brooks	Ives	Reed
Buck	Jenner	Revercomb
Bushfield	Johnson, Colo.	Robertson, Va.
Butler	Johnston, S. C.	Russell
Byrd	Kem	Saltanostall
Cain	Kilgore	Smith
Capehart	Knowland	Sparkman
Capper	Langer	Stewart
Chavez	Lodge	Taft
Connally	Lucas	Taylor
Cooper	McCarran	Thomas, Okla.
Cordon	McCarthy	Thomas, Utah
Donnell	McClellan	Thye
Downey	McFarland	Tydings
Dworshak	McGrath	Umstead
Eastland	McKellar	Vandenberg
Eaton	McMahon	Watkins
Ellender	Magnuson	Wherry
Ferguson	Malone	White
Flanders	Martin	Wiley
Fulbright	Maybank	Williams
George	Millikin	Wilson
Green	Moore	Young
Gurney	Morse	

Mr. WHERRY. I announce that the Senator from Wyoming [Mr. ROBERTSON] is necessarily absent.

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent because of illness in his family.

Mr. LUCAS. I announce that the Senator from New York [Mr. WAGNER] is necessarily absent.

The PRESIDENT pro tempore. Ninety-two Senators having answered to their names, a quorum is present.

Mr. TAFT. Mr. President, I ask that the time for the consideration of Reorganization Plan No. 3 be limited to 4 hours, and that the time be equally divided between the Senator from Vermont [Mr. FLANDERS], favoring the plan, and the Senator from Delaware [Mr. BUCK], opposing it.

Mr. BARKLEY. Mr. President, I have no objection to that arrangement.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the order is made.

INTERIOR DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

Mr. WHERRY submitted the following conference report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3123) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1948, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 14, 82, 83, 97, 98, 103, 117, 118, 119, 120, 123, 126, 127, 155, 160, 173, 174, and 175.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 5, 8, 10, 11, 12, 15, 21, 22, 23, 24, 25, 26, 27, 28, 32, 33, 35, 36, 37, 38, 40, 42, 43, 46, 47, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 66, 67, 69, 70, 71, 72, 73, 74, 75, 76, 77, 79, 80, 89, 99, 102, 106, 107, 110, 111, 112, 115, 116, 121, 122, 131, 132, 133, 134, 136, 139, 142, 147, 150, 154, 156, 157, 158, 159, 161, 163, 165, 170, and 172, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: "Provided further, That not to exceed \$50,000 of this appropriation may be used for the Division of Power under the Office of the Secretary"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,900,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$8,596,400"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows:

"Construction: The funds appropriated for the fiscal year 1947 (Interior Department Appropriation Act, 1947), are hereby continued available during the fiscal year 1948 to meet obligations incurred in contract or contracts duly executed and in force on or before June 30, 1947; for administrative expenses connected therewith; including purchase of five, and hire of passenger motor vehicles; for temporary services as authorized by section 15 of the Act of August 2, 1946 (Public Law 600), but at rates not exceeding \$35 per diem for individuals; printing and binding; for the purchase or acquisition of necessary lands for rights-of-way and necessary engineering and supervision of the construction under said contracts; and for the construction of necessary interconnecting facilities incident to and connected with the construction of the Denison-Norfolk transmission line."

And the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and

agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,175,000"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$3,500,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$11,139,700"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$7,000,000"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$450,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$180,000"; and the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,012,500"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$3,130,000"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$7,800,000"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,600,000"; and the Senate agree to the same.

Amendment numbered 84: That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$18,345,750"; and the Senate agree to the same.

Amendment numbered 86: That the House recede from its disagreement to the amendment of the Senate numbered 86, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "\$1,400,000"; and the Senate agree to the same.

Amendment numbered 87: That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Davis Dam project, Arizona-Nevada, \$9,700,000"; and the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"Central Valley project, California: Joint facilities, \$690,000; irrigation facilities, \$5,622,028; power facilities, Shasta power plant, \$427,800, Keswick Dam, \$100,740, Keswick power plant, \$218,040; transmission lines, Shasta to Delta, via Oroville and Sacramento, two hundred and thirty kilovolt, \$256,680, Shasta Dam to Shasta substation, two hundred and thirty kilovolt, \$1,500,000, Keswick tap line, two hundred and thirty kilovolt, \$160,000, Contra Costa Canal extension, sixty-nine kilovolt, \$118,000; substation, Contra Costa, \$48,000; in all, \$9,141,288"; and the Senate agree to the same.

Amendment numbered 90: That the House recede from its disagreement to the amendment of the Senate numbered 90, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "\$9,500,000"; and the Senate agree to the same.

Amendment numbered 91: That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "\$2,500,000"; and the Senate agree to the same.

Amendment numbered 92: That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with an amendment as follows: In lieu of the sum named in line four of said amendment insert "\$17,500,000"; and the Senate agree to the same.

Amendment numbered 93: That the House recede from its disagreement to the amendment of the Senate numbered 93, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "\$49,841,288"; and the Senate agree to the same.

Amendment numbered 94: That the House recede from its disagreement to the amendment of the Senate numbered 94, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,500,000"; and the Senate agree to the same.

Amendment numbered 95: That the House recede from its disagreement to the amendment of the Senate numbered 95, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following: "as provided in the Act of December 22, 1944 (Public Law 534), Seventy-eighth Congress, and the Act of August 14, 1946 (Public Law 732), Seventy-ninth Congress"; and the Senate agree to the same.

Amendment numbered 96: That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$17,000,000"; and the Senate agree to the same.

Amendment numbered 100: That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$435,000"; and the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$2,300,000"; and the Senate agree to the same.

Amendment numbered 109: That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$500,000"; and the Senate agree to the same.

Amendment numbered 113: That the House recede from its disagreement to the amendment of the Senate numbered 113, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following: "the payment, directly or indirectly, for the drilling of water wells for the purpose of supplying water for domestic use"; and the Senate agree to the same.

Amendment numbered 125: That the House recede from its disagreement to the amendment of the Senate numbered 125, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$10,091,340"; and the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$400,000"; and the Senate agree to the same.

Amendment numbered 129: That the House recede from its disagreement to the amendment of the Senate numbered 129, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$93,500"; and the Senate agree to the same.

Amendment numbered 135: That the House recede from its disagreement to the amendment of the Senate numbered 135, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,060,000"; and the Senate agree to the same.

Amendment numbered 137: That the House recede from its disagreement to the amendment of the Senate numbered 137, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$7,500"; and the Senate agree to the same.

Amendment numbered 138: That the House recede from its disagreement to the amendment of the Senate numbered 138, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$75,000"; and the Senate agree to the same.

Amendment numbered 140: That the House recede from its disagreement to the amendment of the Senate numbered 140, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$600,000"; and the Senate agree to the same.

Amendment numbered 141: That the House recede from its disagreement to the amendment of the Senate numbered 141, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$41,500"; and the Senate agree to the same.

Amendment numbered 143: That the House recede from its disagreement to the amendment of the Senate numbered 143, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,060,000"; and the Senate agree to the same.

Amendment numbered 144: That the House recede from its disagreement to the amendment of the Senate numbered 144, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$38,500"; and the Senate agree to the same.

Amendment numbered 145: That the House recede from its disagreement to the amendment of the Senate numbered 145, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$29,000"; and the Senate agree to the same.

Amendment numbered 146: That the House recede from its disagreement to the amendment of the Senate numbered 146, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,000,000"; and the Senate agree to the same.

Amendment numbered 148: That the House recede from its disagreement to the amendment of the Senate numbered 148, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$680,000"; and the Senate agree to the same.

Amendment numbered 149: That the House recede from its disagreement to the amendment of the Senate numbered 149, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$580,000"; and the Senate agree to the same.

Amendment numbered 153: That the House recede from its disagreement to the amendment of the Senate numbered 153, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$3,500,000"; and the Senate agree to the same.

Amendment numbered 162: That the House recede from its disagreement to the amendment of the Senate numbered 162, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$225,000"; and the Senate agree to the same.

Amendment numbered 164: That the House recede from its disagreement to the amendment of the Senate numbered 164, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$258,450"; and the Senate agree to the same.

Amendment numbered 166: That the House recede from its disagreement to the amendment of the Senate numbered 166, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$200,000"; and the Senate agree to the same.

Amendment numbered 167: That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$6,492,810"; and the Senate agree to the same.

Amendment numbered 168: That the House recede from its disagreement to the amendment of the Senate numbered 168, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$6,492,810"; and the Senate agree to the same.

Amendment numbered 169: That the House recede from its disagreement to the amendment of the Senate numbered 169, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,082,700"; and the Senate agree to the same.

Amendment numbered 178: That the House recede from its disagreement to the amendment of the Senate numbered 178, and agree to the same with an amendment as follows: In line 1 of said amendment strike out the figure "9" and insert in lieu thereof the following: "10"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 6, 7, 16,

of any appropriation contained in this Act shall be used, transferred or allocated for the expenses or salaries of any regional, field or other office or committee to perform any function of the Bureau of Land Management, or for the transfer or removal of any functions or duties of the said Bureau out of the District of Columbia, unless specific approval therefor has been given by the Congress prior to the establishment of such office or committee or prior to such transfer or removal."

That the House recede from its disagreement to the amendment of the Senate numbered 177 to said bill and concur therein with an amendment as follows: In line 1 of the matter inserted by said amendment, strike out "8" and insert "9."

That the House recede from its disagreement to the amendment of the Senate numbered 179 to said bill and concur therein with an amendment as follows: In lieu of the matter inserted by said amendment insert:

"Sec. 11. Not to exceed a total of \$1,000,000 of the appropriations contained in this Act shall be available for expenditure for the compensation of employees engaged in personnel work: *Provided*, That for purposes of this section employees will be considered as engaged in personnel work if they spend half time or more on personnel administration consisting of recruitment and appointments, placement, position classification, training, and employee relations."

Mr. WHERRY. I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 6, 16, 18, 39, 78, 104, 171, 177, and 179.

Mr. KNOWLAND. Mr. President, before the Senate takes final action on the bill, I wish to commend the able Senator from Nebraska [Mr. WHERRY], who was chairman of the subcommittee and has been serving on the conference committee, for having performed a very difficult task in working out a bill which as nearly as possible meet desires of the Senate. Of course, there must be give and take in conference committees.

I wish to say at this point, prior to final action; that in the State of California we are deeply grateful for the action taken in regard to the great Central Valley project. That has been a multiple-purpose project, for flood control, for irrigation, and for the development of power resources.

One of the problems which the Senator from Nebraska had to handle was the matter of the transmission lines, which have always been a part of the Central Valley project. Some years ago we started to build a transmission line down the east side of the Sacramento Valley from Shasta Dam to the Delta region, where a substantial amount of the power will be used to pump irrigation water so that it can go into the San Joaquin Valley, where it is desperately needed.

There has always been a desire on the part of the people of California, as represented by their own votes, by the action of their State legislature, and by the action of their Governors, past and

present, as well as an overwhelming desire on the part of the Members of the House of Representatives and both United States Senators from California, to have this project completed at the earliest possible date. It includes not only the building of the east side transmission line, but the west side transmission line, as well.

The able Senator from Nebraska was not able to get as much in the way of funds as the Senate provided, which was \$2,160,000, to build the line down the west side to a point opposite the Shasta substation. Under the conference report this feature of the project gets only \$1,500,000. This will at least permit the beginning of the construction of the west side line. The amount provided by the Senate provided for construction down to a point opposite the Shasta substation.

I thank the able Senator from Nebraska for his efforts.

Mr. President, I ask that in connection with my remarks there be printed in the RECORD a letter regarding the initial cost of this transmission line from Mr. H. P. McPhail to the Commissioner of the Bureau of Reclamation.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, D. C., July 16, 1947.

To: Commissioner.
From: Director, Branch of Power Utilization.
Subject: Break-down of costs on Shasta transmission line.

In accordance with your request, the following is the break-down of the estimated cost of a double-circuit, 230,000-volt transmission line from the Shasta power plant to the Shasta substation of the Pacific Gas & Electric Co. as contemplated in the \$2,160,000 item included in the Senate committee report on the Interior appropriation bill for fiscal year 1948, reading as follows:

"West side line, Shasta to Delta, 230-kilo-volt, to a point opposite and connecting with Shasta substation."

Break-down of estimated cost

Surveys and designs (covering necessary field surveys and office designs).....	\$65,000
Right-of-way (involving necessary width for double-circuit line through lands partially cultivated and partially requiring clearing of timber and underbrush).....	50,000
Steel towers (involving one major river crossing and an average number of towers of about 6 per mile).....	325,000
Conductors and fittings (including necessary clamps, armor rods, and splices; conductors will probably be 795,000 circular mill aluminum cable steel reinforced or copper equivalent).....	495,000
Overhead ground wires required for lightning protection.....	200,000
Insulators and hardware.....	125,000
Metering equipment for measuring output of each line at Shasta substation.....	50,000

Labor for erection of transmission line and installation of equipment, including transportation.....	\$650,000
Temporary connections at Shasta substation for controlling delivery of power and protection of apparatus.....	200,000

Total..... 2,160,000

The length of each circuit involved in the above estimate is approximately 32 miles.

H. P. MCPHAIL.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Nebraska.

The motion was agreed to.

Mr. WHERRY. Mr. President, I now move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 176 with amendments, as follows:

In line 6 of the matter inserted by said amendment, after the word "Management", insert "now being performed in the District of Columbia", and in line 7 of the matter inserted by said amendment, after the word "Bureau", insert "including tract books heretofore held and administered in the District of Columbia."

I ask the distinguished Senator from Wyoming if he will explain the two amendments.

Mr. O'MAHONEY. Mr. President, the purpose of the first amendment, which was originally attached to the bill in the House of Representatives, was to prevent the Department of the Interior from transferring from the District of Columbia functions of the Department of the Interior heretofore performed in the District. There was a proposal to set up certain regional offices and to establish committees affecting the activities of two or more bureaus, which the House of Representatives felt was going beyond the objectives which had the approval of the House.

The Senate struck that amendment out. The substitute amendment which was presented to the House yesterday by the House conferees was a little broader than was intended either by the House conferees or the Senate conferees, and the amendments which are now before the Senate are designed to effectuate the purpose of both the Senate and the House conferees, which is that within the Bureau of Land Management no functions which have not already been performed outside the District of Columbia shall now be transferred beyond the District, and particularly that the administration of the tract books, which have been traditionally administered in the Department of the Interior here, shall continue to be handled here.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Nebraska.

The motion was agreed to.

Mr. WHERRY. Mr. President, at this place in the RECORD, for the information of Members of the Senate, I ask unanimous consent to insert a table prepared

by the Senate Appropriations Committee, which shows the budget estimate for 1948, the amount allowed by the House, the amount allowed by the Senate, and the bill as agreed upon by the conferees.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Interior Department appropriation bill, 1948

Activity	Budget estimate, 1948	Allowed by House	Allowed by Senate	Bill as agreed to in conference
Secretary's office.....	\$6,286,500	\$3,424,000	\$4,313,076	\$4,063,346
Commission of Fine Arts.....	12,000	12,000	12,000	12,000
Bonneville Power Administration.....	20,278,000	6,907,800	16,222,400	28,596,400
Southwestern Power Administration.....	3,925,000	1,371,000	125,000	3125,000
Bureau of Land Management.....	5,007,800	3,619,500	4,078,440	4,035,440
Bureau of Indian Affairs.....	45,224,520	33,122,133	37,579,100	36,748,230
Bureau of Reclamation.....	145,952,200	67,892,600	104,730,532	93,367,038
Geological Survey.....	18,104,900	9,113,230	10,256,340	10,091,340
Bureau of Mines.....	16,834,000	10,533,875	12,426,850	12,035,800
National Park Service.....	14,555,500	10,304,655	10,168,455	10,018,055
Fish and Wildlife Service.....	10,338,300	6,110,320	6,615,760	6,492,810
Territories.....	6,916,700	6,002,400	6,002,400	6,002,400
Total.....	296,135,420	161,413,513	215,530,353	194,587,859

¹ Together with contract authorization of \$6,000,000.

² Together with contract authorization of \$4,935,500.

³ On construction, 1947 funds continued available.

⁴ Together with contract authorization of \$4,930,000.

⁵ Together with contract authorization of \$215,000.

⁶ Together with contract authorization of \$15,000,000 for "The Alaska Railroad."

Mr. O'MAHONEY. Mr. President, if the Senator from Nebraska will yield, I should like to add another word with respect to the table. The budget estimates as submitted by the President amounted to \$296,135,420. The bill, as it passed the House, carried provisions amounting to \$161,413,513. The bill in that form would have materially curtailed the functioning of the Department of the Interior; it would have hampered the work of the Geological Survey; it would have hampered the work of the Bureau of Mines; and it would have seriously hampered the work of the Bureau of Reclamation. It would have cut down the program followed for many years in the expansion of the multiple-purpose projects in the West.

The amount allowed by the Senate was considerably in excess, of course, of that allowed by the House. In conference, the Senate conferees were compelled to agree to certain curtailments, but the bill as agreed to in conference amounts to \$194,587,859, as compared with \$161,413,513 allowed by the House.

There were, however, several provisions, particularly those contained in the report, which make it clear that it is not the intention of the Congress, as the conference report is approved, to curtail the work of the Bureau of Mines, now engaged in developing the mineral resources of the West, and, for that matter, of the entire country.

I feel that there has been a substantial gain in the preservation of the public interest in the bill as it has been presented by the conference committee. I join with the Senator from California in expressing my gratification for the diligent, and I may say the combative, manner in which the Senator from Nebraska sustained the amendments of the Senate.

Mr. WHERRY. Mr. President, I thank the distinguished Senator for his words of commendation, and also the Senator from California. I may add that after 23 days of hearings, and after the days and nights of conferences, I thank the

Members not only of the Senate but of the House for coming together on a highly controversial bill. It shows what can be done if the effort is made.

I desire also to speak a word of tribute for those who, perhaps, seldom receive it. I think a debt of gratitude is owed to the clerks of the Appropriations Committee, as well as other clerks and research workers, who served in connection with this bill, for their untiring efforts, night after night, as late as 11 and 12 o'clock, all day Saturday, and, if I may say so, even on some Sundays. They prepared statistics and tables and reports. Multiple reports were at our fingers' tips at a moment's notice. I, for one, would like to express my gratitude to those who served us so well, and who are so seldom mentioned in public in connection with the efforts they put forth.

REORGANIZATION PLAN NO. 3 OF 1947

The Senate resumed the consideration of the resolution (H. Con. Res. 51) that the Congress does not favor the Reorganization Plan No. 3 of May 27, 1947, transmitted to Congress by the President on the 27th of May 1947.

Mr. TAFT. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. TAFT. Is Reorganization Plan No. 3 of 1947 now before the Senate, and does the 4-hour time limit begin to run from this time?

The PRESIDENT pro tempore. The Senator is correct. The pending business is House Concurrent Resolution 51, reading as follows:

Resolved, etc., That the Congress does not favor the Reorganization Plan No. 3 of May 27, 1947, transmitted to Congress by the President on the 27th day of May 1947.

The 4 hours' allotment of time, to be divided equally, starts at 1:15.

Mr. TAFT. Mr. President, I ask unanimous consent that the Senator from Washington [Mr. CAIN] control the time

for the resolution, instead of the Senator from Delaware [Mr. Buck].

The PRESIDENT pro tempore. Without objection, the order is made. The time from now on will have to be granted either by the Senator from Washington or the Senator from Vermont.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield to the Senator from New Mexico.

Mr. CHAVEZ. I suggest the absence of a quorum.

The PRESIDENT pro tempore. Does the Senator from Vermont yield to the Senator from New Mexico for that purpose?

Mr. FLANDERS. I yield for that purpose.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Murray
Baldwin	Hawkes	Myers
Ball	Hayden	O'Connor
Barkley	Hickenlooper	O'Daniel
Brewster	Hill	O'Mahoney
Bricker	Hoey	Overton
Bridges	Holland	Pepper
Brooks	Ives	Reed
Buck	Jenner	Revercomb
Bushfield	Johnson, Colo.	Robertson, Va.
Butler	Johnston, S. C.	Russell
Byrd	Kem	Saltonstall
Cain	Kilgore	Smith
Capehart	Knowland	Sparkman
Capper	Langer	Stewart
Chavez	Lodge	Taft
Connally	Lucas	Taylor
Cooper	McCarran	Thomas, Okla.
Cordon	McCarthy	Thomas, Utah
Donnell	McClellan	Thye
Downey	McFarland	Tydings
Dworshak	McGrath	Umstead
Eastland	McKellar	Vandenberg
Eaton	McMahon	Watkins
Ellender	Magnuson	Wherry
Ferguson	Malone	White
Flanders	Martin	Wiley
Fulbright	Maybank	Williams
George	Millikin	Wilson
Green	Moore	Young
Gurney	Morse	

The PRESIDENT pro tempore. Ninety-two Senators having answered to their names, a quorum is present.

DISTRICT OF COLUMBIA APPROPRIATIONS—CONFERENCE REPORT

Mr. FLANDERS obtained the floor.

Mr. DWORSHAK. Mr. President, will the Senator yield to me to submit a conference report?

Mr. FLANDERS. I yield for that purpose.

Mr. DWORSHAK. Mr. President, I submit a conference report on the District of Columbia appropriations bill.

The PRESIDENT pro tempore. The division of time under the pending agreement will be suspended for the moment while the Senate considers the conference report submitted by the Senator from Idaho [Mr. DWORSHAK], which will be read.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4106) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1948, and for other purposes, having met, after full and free con-

ference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 7, 12, 15, 18, 21, 25, 26, 28, 29, 30, 31, 32, 33, 35, 36, and 37.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 6, 8, 10, 13, 14, 16, 19, and 23; and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "\$388,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "183,500"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "\$128,377"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "\$87,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows: "Provided, That no part of these funds shall be expended for the care of children the income of whose parents, parent, or guardian exceeds \$2,600 per annum"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "\$3,750,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 22, 27, and 34.

HENRY C. DWORSHAK,
JOSEPH H. BALL,
MILTON R. YOUNG,
HARRY P. CALN,
JOSEPH C. O'MAHONEY,
PAT MCCARRAN,
THEODORE FRANCIS GREEN,

Managers on the Part of the Senate.

WALT HORAN,
KARL STEFAN,
RALPH E. CHURCH,
LOWELL STOCKMAN,
GEORGE ANDREWS,
JOHN E. FOGARTY,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the report was considered and agreed to.

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 4106, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,

July 22, 1947.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 22 to the bill (H. R. 4106) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1948, and for other purposes, and concur therein.

That the House recede from its disagreement to the amendment of the Senate numbered 27 to said bill and concur therein with an amendment as follows: In lieu of the matter stricken out by said amendment insert:

"SEC. 2. Vouchers in payment of obligations incurred by the Health Department and Public Welfare pursuant to the appropriations contained in this act shall be certified as lawfully payable in the department, board, or office responsible for the incurring of the obligations; thereafter the vouchers shall be audited before payment by or under the jurisdiction only of the Auditor for the District of Columbia and the vouchers as approved may be paid by checks issued by the Disbursing officer without countersignature."

That the House recede from its disagreement to the amendment of the Senate numbered 34 to said bill and concur therein with an amendment as follows: In line 1 of the matter inserted by said amendment strike out "8" and insert "2."

Mr. DWORSHAK. I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 27 and 34.

The motion was agreed to.

REORGANIZATION PLAN NO. 3 OF 1947

The Senate resumed the consideration of the resolution (H. Con. Res. 51) that the Congress does not favor the Reorganization Plan No. 3 of May 27, 1947, transmitted to Congress by the President on the 27th of May 1947.

Mr. FLANDERS. Mr. President, I am submitting on behalf of the Committee on Banking and Currency, its report recommending that House Concurrent Resolution 51 be disapproved. This is the resolution disapproving Reorganization Plan No. 3 of 1947 which would establish a Housing and Home Finance Agency. In effect, the committee's unfavorable report with respect to this resolution represents approval by the committee of the President's plan.

Reorganization Plan No. 3 would bring together into a single establishment all of the housing agencies, and the principal housing functions of the Federal Government. These functions would be administered through three constituent operating agencies, the Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Administration. The Housing and Home Finance Agency would be headed by an Administrator responsible for the general supervision and coordination of the functions and activities of these three constituent operating agencies. The plan does not disturb the basic permanent pattern established hitherto by the Congress involving the three major operating units in the housing field, but it does provide for the general supervision and coordination of the activities and functions of these units in a single agency.

It may be noted that the report of the committee is based not only upon the hearings and investigations made with respect to this plan, but also upon the basis of the exhaustive investigations and studies made over the past 3½ years by various committees of the Senate, starting with the Postwar Housing Committee, of which the senior Senator from Ohio [Mr. TAFT] was chairman. It is worth noting that the Joint Committee on Reduction of Nonessential Federal Expenditures, in emphasizing the need, as a matter of economy and efficiency, for reorganization and coordination of the multiplicity of Government units engaged in identical fields of Government activity, has cited housing as a prime example where need for reorganization and coordination is obvious.

Essentially, the basic problem involved is the matter of reconciling, on the one hand, the need for over-all coordination of the Government's activities in housing and for a central line of responsibility and accountability for carrying out the housing policies established by the Congress, and on the other hand for preserving the individual identity and the full operating responsibility of the various agencies in which the Government has vested the various Federal functions and activities relating to housing. It is my considered opinion that Reorganization Plan No. 3, more than any other plan that has been presented to the Congress for consideration thus far, strikes the necessary happy medium in this connection and effectively meets both needs.

An organization and coordination of the housing functions and activities of the Federal Government along the lines provided in the plan are clearly necessary both as a matter of sound Government administration generally, and also from the point of view of the special needs of housing which represents one of our most pressing domestic problems today.

There have been many loose charges with respect to this plan. These are answered effectively, I believe, in the report to the committee. I wish to say now, however, that they were carefully examined and that they were found to be without real foundation and based in large part upon erroneous interpretations of the provisions of the plan.

Mr. President, I wish to say that personally I arrived in this august body on January 3 with the long-time thought in mind that housing was one of the activities of the Federal Government that needed coordination. During the decade or so previous to the opening session of the present Congress so many times and in such exasperating ways did I encounter lack of coordination that it was inconceivable to me, and still remains inconceivable, that this body should want to go back, as we may if Reorganization Plan No. 3 is not adopted, to the period of lack of cooperation and lack of coordination.

If there were time and if it were more germane to the subject under discussion, I could tell of the exasperating experiences in obtaining war housing for the town in Vermont where I was formerly in

business. It was silly; it was exasperating; it was unbelievable. Coordination is badly needed.

The present arrangement under which the various housing agencies are operating will continue until the Congress ends the war powers. It may—and presumably will—do so early in the next session of the Congress. Should that action be taken, immediately the entire housing situation would fall into the disorganization which has been so characteristic of it for many years. Mr. President, I feel very strongly that that danger should be obviated, and that we should not be faced with the possibility, nor should the various governmental bodies concerned with housing live in constant fear that that may take place.

I wish to say a word or two as to the improvement in the present housing organization contemplated in Reorganization Plan No. 3. There are two important improvements—perhaps three. One of the most important is the change in the functions of the Administrator, who is placed at the head of the whole group of activities.

Under the Reorganization Act of 1942 he was an Administrator who had under him the direction and supervision of all the activities related to housing which were contemplated in the plan. That has not been found the proper way to do it, and a great deal of difficulty has arisen therefrom. So under Reorganization Plan No. 3, with the activities quite similarly grouped, the present assignment given to the Housing and Home Finance Administrator, is the responsibility for general supervision and coordination of the functions of the three constituent agencies. Each of them retains its authority and its administrative field. However, the Administrator himself is given the useful and necessary task of general supervision and coordination.

The second element in plan No. 3 which is of interest is the creation of a National Housing Council which is to be advisory to the Administrator. This Council would be composed of the Housing and Home Finance Administrator as chairman, the Federal Housing Commissioner, the Public Housing Commissioner, the Chairman of the Home Loan Bank Board, the Administrator of Veterans' Affairs or his designee, the chairman of the Board of Directors of the Reconstruction Finance Corporation or his designee, and the Secretary of Agriculture or his designee.

Another important change is in making the Home Loan Bank Board a three-member board to take the place of the Commissioner of the Home Loan Bank Administration. All these changes have been drawn from experience in administration and will work for the better administration of this very important area activity in our Federal administration.

Mr. President, there are at least two groups, possibly more, either in being or contemplated, which now are concerned, or in the future will be concerned, with the general question of the Federal Administration so far as it relates to housing. One of them is the group appointed under the resolution offered by the Senator from Massachusetts [Mr.

LODGE]. I do not remember its name, but the resolution provided for the establishment of a Commission on the Organization of the Executive Branch of the Government. It is a very distinguished body. I see on it the names of a number of Senators for whom I have high respect. I see the names of some private citizens who have the respect of all of us. I have no doubt whatever that from the deliberations of that board on the executive branch study there will evolve fruitful conclusions which we shall want to put into law.

Mr. President, it would be most unfortunate if, while an investigation of this sort were going on, we suffered a temporary disorganization of the housing group by failing to maintain and improve the establishment in the manner contemplated in plan No. 3. It would be a most embarrassing, a most inefficient, and a thoroughly undesirable way to occupy ourselves, or to require the housing bodies to occupy themselves, during the interim between this time and the time when the board makes a report on the subject under discussion. The less we do in the way of reorganizing, disorganizing, and upsetting the housing establishment, the better we shall serve our country.

A somewhat similar situation exists with regard to a resolution proposing a study of the entire housing situation, which has been submitted by the Senator from Wisconsin [Mr. McCARTHY] and with which I am in thorough sympathy. That resolution also calls for a study of the Government's activities relating to housing. But it would be most unfortunate if radical suggestions for improvement were made and eventually accepted, if we, in the meantime, should allow the present relationship between the housing bodies to fall into chaos instead of improving them and tightening them as the President's Plan No. 3 contemplates.

Mr. President, for those reasons I feel convinced that this body will make a mistake if it concurs in the resolution sent over by the House, House Concurrent Resolution 51, and I ask the Senate to vote not to concur therein.

I yield the floor to the Senator from Louisiana [Mr. ELLENDER].

Mr. TAFT. For how many minutes?

Mr. FLANDERS. I should like to ask the Senator from Louisiana how much time he desires.

Mr. ELLENDER. I think I shall take 20 minutes.

The PRESIDING OFFICER (Mr. THYE in the chair). The Senator from Louisiana is recognized for 20 minutes.

Mr. ELLENDER. Mr. President, I do not know that I can add much more for the information of the Senate regarding the plan than what has been given by the distinguished Senator from Vermont, except to go a little more into detail regarding the confused condition in the housing field that existed prior to February 1942, when Executive Order 9070 was put into effect.

It will be recalled that prior to that time a number of resolutions were introduced in this body suggesting that a thorough study be made of the housing agencies in general, with the view of con-

solidating them. They were then scattered over the lot, as it were, in various branches of our Government. At that time, as I recall, there were from 17 to 20 agencies which dealt in one way or another with housing, and each of those agencies was headed by some kind of an administrator who was adequately staffed. Some of them were administered through a board. There was little effort made by any of these agencies to cooperate with each other. Under title I of the First War Powers Act, which was passed in 1941, the President issued Executive Order No. 9070 and consolidated all of these housing agencies into the National Housing Agency, which is headed by an administrator. Since that time all of the various housing functions have been administered by the Administrator of the National Housing Agency. Under his supervision and direction there has been a decided improvement in the housing field. There has existed a more unified spirit to do a good job with the tools at hand, and much duplication has been eliminated. With less duplication of effort there has been quite a saving to the Government.

In 1942 there were, as I have just indicated, 18 separate agencies concerned with housing. They are outlined on a chart which I have here. I shall not take the time to discuss the functions of all of them. According to this chart, with respect to the functions which were not related to World War II, defense and war activities, there were the following divisions:

First, the Federal Loan Agency, under which, in turn, there were four subdivisions: (a) The Federal Housing Administration, which had charge, under title I, of home modernization and improvement loan insurance, and, under title II, of home and rental housing mortgage loan insurance programs;

(b) The Federal Home Loan Bank Board, which supervised (1) the Home Loan Bank System and (2) the system of the Federal Savings and Loan Association;

(c) The Federal Savings and Loan Insurance Corporation, which insures shareholders' accounts in savings and loan associations; and

(d) The Home Owners' Loan Corporation program, which I am certain is familiar to all of you.

Second, the Federal Works Agency, which, in turn, had several constituent agencies: (a) The United States Housing Authority, with its low-cost rental housing program; and

(b) The United States Housing Corporation, which was in process of liquidating its World War I housing program.

On top of that, we had another main subdivision:

Third, the Farm Security Administration, which had under its jurisdiction the subsistence homesteads and suburban resettlements. Under that program we had, for example, the Greenbelt project, which is just outside of Washington, and which has been in the news on many occasions in recent months. The comments as to its operations were most favorable. Similar projects for families of low and moderate incomes, for nonfarm families have been developed in various

parts of the country. That program was created back in the early days of the New Deal, and many of the houses were built under the so-called Tugwell plan. This program also included projects owned by homestead associations on which the Government held mortgages.

Then there was a "fourth" main division, namely, the Central Housing Committee, which was an interdepartmental committee set up by Presidential order to coordinate by voluntary cooperation work of governmental agencies in the field of housing.

Then there were the defense and war housing programs, which were divided among the following agencies: First, The Federal Loan Agency, which included, in turn:

(a) The FHA with its title VI program of mortgage insurance on defense and war housing; (b) The Defense Homes Corporation, which was established as a subsidiary of the RFC, to provide needed war housing by public financing.

Second. The Federal Works Agency, to which were assigned the Lanham Act and various temporary defense housing programs, which in turn were assigned for administration to the United States Housing Authority, the Public Buildings Administration, the Division of Defense Housing, and the Mutual Ownership Defense Housing Division, within the Agency itself, and to the War Department, the Navy Department, and the Farm Security Administration, outside of the Agency.

Third. The War Department, which had defense housing assignments in addition to the Federal Works Agency.

Fourth. The Navy Department, which also had defense housing assignments in addition to Federal Works Agency assignments.

Fifth. The Farm Security Administration, which had defense housing assignments in addition to Federal Works Agency assignments.

Sixth. Coordinator of Defense Housing, which office was established as a result of the scattering of defense and war housing functions, to make findings of need with respect to defense and war housing and to coordinate defense housing.

All the various agencies which I have just been discussing were scattered all over Washington. When the President issued his order in 1942, three constituent agencies were created to deal with all the housing functions heretofore administered by all of the agencies just named. They were: One, Federal Home Loan Bank Administration, which was under the supervision of a commissioner. All of the functions of the Federal Home Loan Bank Board, the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the United States Housing Corporation were transferred to that Commissioner; two, Federal Housing Administration. It is presently headed by a commissioner who has charge of all the functions of Federal Housing Administration; three, Federal Public Housing Authority, also under the direction of a commissioner. The third constituent agency, headed by

a commissioner, performs all the functions and duties imposed on the United States Housing Authority, the Defense Homes Corporation, the nonfarm public housing of Farm Security Administration, and the Defense Public Housing, except that located on Army and Navy reservations.

So that by the executive order heretofore described, the President created the National Housing Agency and designated an administrator who had charge of all housing agencies. The Administrator, in turn, had under his authority, three constituent agencies, which, as I have said, were known as the Federal Home Loan Bank Administration, the Federal Housing Administration, and the Federal Public Housing Authority, each headed by a commissioner. Today that is the arrangement under which housing as a whole is being administered and it can readily be seen that by having all of the housing agencies responsible to one head, much time is saved, much effort is preserved and a better chance of coordinating all housing activities is made possible.

The National Housing Administrator has direction and supervision of all these various agencies, as I have indicated. In other words, he is some kind of over-all boss.

It will be recalled that last year the President sent to Congress a reorganization plan which, in effect, made the National Housing Agency a permanent agency. Under that plan, which was voted down by the Senate, the Administrator was clothed with full power of direction and control of the entire set-up which now is under the National Housing Agency. Not only was he empowered to control and supervise, but he could tell the administrators of those various agencies what to do.

The plan was strenuously objected to by many Members of the Congress. The plan was also opposed, although not openly, by some of the heads of the constituent agencies named above. The plan placed too much power in one person. The plan had the effect of giving complete control to an Administrator over all the housing agencies now created by law.

The reorganization plan now before us is much milder. It simply gives to the Administrator general supervision and coordination of the various housing agencies now under the control of the National Housing Agency. The commissioners of each of the constituent agencies will have the same power that they had prior to the issuance of the Executive order which the President issued in 1942. In the case of the Federal home loan bank, a board of three is created. I feel that unless this plan is adopted the whole housing function of the Government will revert to the confusion which existed prior to 1942.

It must be remembered that the National Housing Agency goes out of existence 6 months after the President, or the Congress by resolution, declares the war over. The President could send us another plan if this one is defeated. Under the Reorganization Act he has until April 1, 1948, to send another plan, but why not pass the one under consid-

eration. Surely he cannot improve on the plan unless he removes the power of supervision and coordination from the Administrator, both of which are so essential to any proposed plan.

Mr. HILL. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HILL. There is no Member of the Senate who has devoted more time or effort to the matter of housing than has the Senator from Louisiana. He has been most diligent in this matter, particularly in doing all he could to encourage the construction of more housing and more homes.

Can the Senator from Louisiana tell us how many different agencies, bureaus, or departments were handling some phase of housing or some matter related to housing before 1942?

Mr. ELLENDER. Eighteen.

Mr. HILL. Eighteen different ones?

Mr. ELLENDER. Yes.

Mr. HILL. They were scattered all over Washington, were they?

Mr. ELLENDER. Yes; and each was headed by a separate administration, and there was little effort on the part of the various heads of those agencies to coordinate or cooperate with each other. It seems that all of them were vying with each other for power and to retain their own little organization to itself, without in any manner attempting to cooperate one with another. That is what gave rise, as I indicated a while ago, to the creation of the National Housing Agency, which placed all housing activities of the Government under one administrator, with full power to supervise and coordinate all housing functions.

Mr. HILL. What we would have now would be this one administrator; is that correct?

Mr. ELLENDER. Yes.

Mr. HILL. He would be clothed with the power and authority to coordinate and bring together, insofar as possible, the operations and functions of the different agencies which have jurisdiction over housing; is that correct?

Mr. ELLENDER. That is exactly correct.

As I indicated a while ago, let us bear in mind that the administrator, under Reorganization Plan No. 3, would not have as much power as the Administrator of the National Housing Authority now has.

As I indicated a while ago, the Administrator of the National Housing Agency, the agency which now has charge of all housing, has the direction and the control of all these various agencies. In other words, he is the big boss, and he can tell the administrators under him what to do. But Reorganization Plan No. 3, as I have said, merely gives him the authority to supervise generally the work of all the various agencies, and to coordinate their efforts. Each of the constituent agencies retains such power as it now has under the law. That is about the sum and substance of what Reorganization Plan No. 3 does.

Mr. HILL. In other words, subject to this over-all authority to bring about coordination, the heads of the different housing agencies still retain their power

and these units are what we might call autonomous.

Mr. ELLENDER. Exactly; and they get their authority from the laws under which they were created. They are referred to as constituent agencies, but all their authority is spelled out in the law creating them, as I have just indicated. The only authority that the Administrator of the new set-up, created and known as the Housing and Home Finance Agency, will have over the commissioners and the directors of the constituent agencies is general supervision and power to coordinate their work. That is about the sum and substance of his power.

Mr. HILL. As the Senator knows, there is no charge hurled against the Government more than that there are so many different agencies, scattered all over Washington, handling one subject. If there is any one thing which should be done it is the very thing the Senator is trying to do here today, to coordinate these agencies, bring them together, and, insofar as possible, coordinate their activities into one effort. Is that not true?

Mr. ELLENDER. That is exactly what the plan seeks to do. Let me repeat to Senators that the reason why this is necessary is that either Congress or the President may declare the war ended, and within 6 months thereafter the agencies which existed prior to 1942 would be revived and would have control over all the housing functions of our Government. In other words, we would have a reversion to the chaos which existed prior to 1942.

As I have just indicated, the power to issue Executive Order 9070 was given to the President by virtue of title I of the First War Powers Act that was passed in 1941. This authority would expire 6 months after it was declared, either by the Congress or the President, that the war was at an end.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. Does what the Senator just said mean that the reorganization plan is making permanent some agency which otherwise would lapse; that is, some temporary agency?

Mr. ELLENDER. Yes; the National Housing Agency would go out of existence. The plan seeks to create a substitute therefor, and consolidate the functions of many of the agencies which are now operating under Executive Order 9070, and thereby extinguish many of them, as it were.

The Senator will recall that under date of June 30, Congress by Public Law 183 abolished the Federal Loan Agency. In view of such abolition, the Federal Housing Administration, with its permanent home and rental housing insurance programs, and its temporary veterans' home and rental housing loan insurance program would become an independent agency. Likewise the Federal Home Loan Bank Board, together with the Home Owners' Loan Corporation, and the Federal Savings and Loan Insurance Corporation, would become independent. The Defense Corporation, which is

now in process of liquidation, would be transferred from the FPHA to the RFC.

Mr. FULBRIGHT. Is not the Home Owners' Loan Corporation in liquidation also?

Mr. ELLENDER. It is still in liquidation. It would become an independent agency and there is no need for permitting such to happen. Its liquidation is now in the hands of competent people who have been handling the matter since 1942, and it would be extreme folly to have it revert as an independent agency. All such matters are now being handled under one head and I ask, why scatter them all over the lot, as was the case prior to 1942? That is some of the things that would happen if the reorganization plan were not agreed to.

The PRESIDING OFFICER. The Chair calls the attention of the Senator from Louisiana to the fact that his time has expired.

Mr. ELLENDER. May I have 10 minutes more?

Mr. FLANDERS. The Senator from Louisiana may have 10 minutes more.

The PRESIDING OFFICER. The Senator is yielded 10 more minutes.

Mr. ELLENDER. Mr. President, I shall not take the time of the Senate to go into details as to what the situation would be when Executive Order 9070 expires, but I ask consent to place in the RECORD, following my remarks, a short statement and two charts, which indicates how all these agencies would revert back to their former status if the reorganization plan were not agreed to.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. ELLENDER. Mr. President, I also ask that a brief description of the agencies and functions being consolidated into Housing and Home Finance Agency by Reorganization Plan No. 3 of 1947 be incorporated following my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 2.)

Mr. ELLENDER. Mr. President, I wish I had the time to go into details about this matter, but I have not.

I ask also that there be incorporated in the RECORD a letter addressed to me, signed by the president of the National Savings and Loan League, which, by the way, is in favor of the pending plan, and which was violently opposed to the Reorganization Plan No. 1 of 1946, which pertained to housing. The reason assigned by them then was that the Administrator under the 1946 plan was given entirely too much power. I again say that the Congress at that time shared that view, and voted down plan No. 2.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

(See exhibit 3.)

Mr. ELLENDER. Mr. President, I should like to say a few words in regard to the savings to the Government which will accrue by virtue of this consolidation.

I should like to say that the lack of savings argued by some constitutes one

of the more common arguments that have been advanced against Reorganization Plan No. 3. The allegation is made that the Plan would not effect savings and economies, and would thereby fail to meet the requirements of the Reorganization Act of 1945.

The report of the Committee on Banking and Currency shows that there is no basis whatsoever for this allegation. As aptly pointed out by the committee report, elaboration is hardly necessary to prove that without coordination of the housing functions and activities of the Government as provided in the reorganization plan, each agency would undertake its own independent general statistical studies, technical research, and similar matters. Each would duplicate these and other activities which are common to the programs of all of them, and which, as contemplated by the plan, could be done for all of them on a mutually satisfactory and much more economical basis, by a single central unit. This seems so obvious that there would seem to be little point in taking up time in discussing the matter.

But several factors have been used by certain groups opposing the plan in their attempts to confuse the issue, which I think ought to be specifically discussed and clarified.

One such contention that has been made is that the Reorganization Act requires that each reorganization plan involve a 25 percent reduction in administrative costs—the implication being that in connection with each plan there must be a positive demonstration of such a reduction. The simple fact is that there is no such requirement in the law, and this was specifically pointed out by the Committee on the Judiciary last year. The committee pointed out that the provisions in this regard was rewritten during the consideration of the Reorganization Act by the Congress so as to be applicable, not to any particular reorganization plan, but as an over-all expectation with respect to the aggregate of reorganizations proposed by the President under the act.

I make this point not because I think it constitutes a positive basis for the support of the plan, but because it indicates typically how the arguments that have been made against the plan are without foundation.

The opponents of the plan have further tried to create confusion on this issue of economy by trying to take advantage of the fact that many of the savings under the plan are not immediately obvious because of the existing consolidation of housing functions and agencies under Executive order. If we presently had, today, 18 housing agencies scattered throughout the executive establishment, we could readily take a loot at the reorganization plan and get a fairly good picture as to the savings it would bring about. I do not think that under those circumstances 25 percent is at all an extravagant figure as to what might be involved in savings. But this situation no longer exists. It was eliminated by the temporary reorganization made necessary by the war and carried out under the war powers.

Does anyone seriously suppose that a major agency of government, which has been in continuous operation since 1942, could be unwound and scattered over a variety of different departments and establishments without serious disruption of the work, loss of efficiency, and totally unnecessary increased expense? Or does anyone seriously suppose that such a process of multiplication and subdivision could possibly fail to lead to duplication and overlapping of staffs, programs, and activities?

It is just as much a matter of economy and efficiency to prevent the dissipation of savings already accomplished as to effect new savings.

Some of the trade groups opposing the plan have gone even further in their attempts to confuse the picture on the issue of economy. They have attempted to find foundation for their argument that the plan fails to support economy, by pointing out, as certain witnesses did at the hearings on the plan, that the total administrative budget proposed for the National Housing Agency for the fiscal year 1948 somewhat exceeds that for 1947.

Careful examination of this argument shows it to be little better than frivolous. Let me show why:

The testimony of the opposition in this connection was that the 1948 budget submitted proposed an increase of \$3,700,000 over the budget figures for 1947. Actually, if we take the figures laid before the House Appropriations Committee, we find that this supposed increase of more than \$3,700,000 was in fact a proposed increase of only about \$1,205,000.

But this is not the only interesting result of analyzing the figures a bit. What does this increase consist of? We find first of all that it is a net figure, the end result of certain increases and also certain decreases. What has decreased? The decrease is in the amounts provided, first, for over-all supervision and administration and, second, for the execution of the public housing program. These activities—the very ones which the opponents of the plan claim to fear—have been reduced by nearly \$5,000,000. By contrast, the increases are in the budget items which provide for aids to private enterprise in the production and financing of housing. These items have been increased by about \$6,000,000. It is therefore this increase of \$6,000,000 for private housing aids, in contrast with the \$5,000,000 decrease for over-all supervision and public housing activity, which is responsible for the \$1,200,000 proposed increase in the budget.

Where does this leave the opponents? On the one hand, they come before the Banking and Currency Committee and oppose the plan on the ground that it is a mere scheme or subterfuge to promote public housing. Then, without batting an eye, they attack it on the ground that the budget for 1948 represents an increase, rather than a saving, and cite figures which, on analysis, prove to be reductions for public housing and increased amounts for assistance to private enterprise. Finally—and this, Senators, caps the climax—these same spokesmen then take their hats and brief cases and go down the hall to the

Appropriations Committee, and there they ask that the reductions in the FHA budget which the House had recommended, be restored by the Senate, on the ground that the services are essential and valuable to private enterprise and should be continued without curtailment. Surely, this is arguing all sides of all questions.

Those who have served in this Chamber long enough to remember the good old days will think of another kind of economy which will be promoted under the plan. Before 1942, there was a housing agency to be found under almost every bush and shrub in Washington, as I have previously stated, and those of us who were unfortunate enough to have a question from a constituent or some other matter to be investigated were shunted about from office to office like a man trying to lodge a complaint in one of these big department stores. If we were fortunate enough to obtain answers, more often than not, we would come up not with one answer but with as many answers as there were agencies. It has been a very different story since the agencies have come under a single roof—and we ought to keep it that way.

In conclusion, I would summarize by saying that Reorganization Plan No. 3 consolidates agencies and functions according to major purpose. That was a purpose of the Reorganization Act. By so doing, it prevents a wasteful, inefficient scattering of related programs among many different agencies, and prevents overlapping, duplication, confusion, and lost motion which would inevitably result. It thus promotes economy and efficiency; and that, too, was a purpose of the Reorganization Act. It would consolidate existing agencies under a single head, and prevent the imposition on the Chief Executive of an unwarranted and burdensome administrative load. That was a further purpose of the Reorganization Act. In short, the plan seems to me moderate; based on experience; consistent with the conclusions of the Senate committees which have given the matter the most thorough study and consideration; and wholly in keeping with the intent and purpose of the legislation under which it is recommended. It should be approved and I ask each of you to vote nay when your name is called.

EXHIBIT 1

IV. SITUATION IF EXECUTIVE ORDER 9070 IS TERMINATED WITHOUT NEW REORGANIZATION

1. In view of the abolition of the Federal Loan Agency on June 30, 1947, by Public Law 132, Eightieth Congress (this is the act which extended the RFC), the Federal Housing Administration, with its permanent home and rental housing insurance programs, and its temporary veterans' home and rental housing loan insurance program, would become an independent agency.

2. Likewise, the Federal Home Loan Bank Board, together with the Home Owners' Loan Corporation and the Federal Savings, and Loan Insurance Corporation, would become independent.

3. The Defense Homes Corporation—which is now in the process of final liquidation—would nevertheless be transferred from FPHA to RFC.

4. The United States Housing Authority, and its low-rent housing program, would be returned to the Federal Works Agency.

5. The United States Housing Corporation, which is in the final stages of dissolution, would be transferred back to the Federal Works Agency.

6. The management, and eventual removal or disposition, of defense and war housing, now consolidated under FPHA, would be scattered among the Federal Works Agency (and subsidiary units), the War Department, the Navy Department, and the Farm Security Administration.

7. The Lanham Act title V temporary re-use program for veterans would be transferred from FPHA to the Federal Works Agency.

8. The subsistence homestead projects and mortgages, and the Greenbelt towns, would go back to the Farm Security Administration.

9. The two coordinating agencies—the Central Housing Committee and the Coordinator of Defense Housing—would apparently not be revived. As already indicated, the Federal Loan Agency has been abolished, so that its coordinating functions would likewise remain abolished.

EXHIBIT 2

BRIEF DESCRIPTION OF AGENCIES AND FUNCTIONS BEING CONSOLIDATED INTO HOUSING AND HOME FINANCE AGENCY BY REORGANIZATION PLAN NO. 3 OF 1947

HOME LOAN BANK BOARD

1. Federal Home Loan Bank System

The bank system consists of 11 regional home-loan banks, chartered by the Federal Home Loan Bank Board and operating under FHLBA supervision. Its function is to provide a reservoir of credit for the home-financing operations of bank members.

Membership in the system is open to federally and State-chartered savings and loan associations, insurance companies and savings banks. The great bulk of the actual membership consists of savings and loan associations (they comprised all but 37 of the 3,698 bank members as of early 1947). These member savings and loan associations have aggregate assets of \$9,000,000,000, representing 90 percent of the assets of the entire savings and loan industry of the country. Member institutions have been making about one-third of the annual total of the nonfarm home-mortgage loans of the country.

The home-loan bank credit is made available to member institutions in the form of advances, for terms up to 10 years, on the security of home mortgages. (The banks do not engage in mortgage discount or purchase operations.) Short-term unsecured advances are made under certain conditions.

The banks obtain their funds for advances to member institutions from three basic sources:

1. Capital subscription: As of early 1947, their outstanding capital amounted to \$209,000,000, of which \$123,000,000 was provided by Treasury subscription and \$86,000,000 by the member institutions;

2. Borrowings: These borrowings are through the issuance, to the general financing community (primarily banks and dealers), of consolidated debentures, notes, and bonds representing joint obligations of all the 11 banks;

3. Deposits of member institutions:

2. Federal Savings and Loan Associations

These associations represent a national system of thrift and home-financing institutions operating under Federal charter, regulation, and supervision. This system was established in 1933 to serve two basic purposes:

1. To provide sound thrift and home-mortgage lending facilities in communities lacking adequate savings and home-loan financing resources;

2. To develop under Federal charter a system of home-financing institutions operating under the best standards and practices

evolved upon the basis of experience to date.

Accordingly, the system consists both of (1) newly created institutions, and (2) institutions which have been converted at their request from State to Federal charter.

The basic lending operations of these associations consists of first-mortgage loans upon homes and combination home and business properties. Most of these loans are made under the direct reduction plan of amortization.

Funds are derived from two main sources: (1) Share investments of association members—this is the primary source; and (2) borrowings from the home-loan banks. Each association is required to be a member of the Home Loan Bank System; to have its accounts insured by the Federal Savings and Loan Insurance Corporation; and to be examined periodically by the Federal Home Loan Bank Administration.

As of early 1947, there were 1,471 federally chartered associations, with aggregate assets of nearly \$5,000,000,000.

3. Federal Savings and Loan Insurance Corporation

FSLIC insures accounts (up to \$5,000) of shareholders of federally and State chartered savings and loan associations. The insurance provided is that in the event of default by an insured institution, the insured account holder has the option of either (1) a new insured account in another insured institution not in default, or (2) 10 percent of the amount insured in cash and the remainder in non-interest-bearing FSLIC debentures maturing within 3 years. (These debentures do not carry any Government guarantee. Government financial backing of FSLIC consists of a subscription by HOLC to the entire capital stock of FSLIC in the amount of \$100,000,000.)

The insured institutions pay an annual premium charge of one-eighth of 1 percent of their shareholders' and creditor liabilities.

Approximately 2,500 federally and State chartered savings and loan associations participate in this program, involving 5,000,000 shareholders with \$6,500,000,000 of share accounts under the insurance protection.

4. Home Owners' Loan Corporation

HOLC, from 1933 to 1936, refinanced the mortgages of more than 1,000,000 home owners. Since then its chief function has been liquidation of its assets, including collection of the loans made in connection with these refinancing operations, and the sale of the houses that it has been forced to acquire by foreclosure (vendee accounts).

As of April 30, 1947, the HOLC had 364,000 mortgage loan and vendee accounts outstanding in the amount of \$582,000,000 representing an 83-percent liquidation of its original total investment of \$3,500,000,000 in loans and properties. As of that date also, the impairment of its capital stood at \$65,000,000, as compared with a \$134,000,000 deficit as of June 30, 1944. It is estimated that on the basis of the continuation of present economic conditions and the normal liquidation operations of HOLC, the impairment of its capital will be completely removed by fiscal year 1951. On this basis, HOLC should be able to return its entire original capital to the Treasury, instead of suffering the huge losses anticipated at the time it was established.

5. United States Housing Corporation

As a minor phase of Home Loan Bank Administration activities, Executive Order 9070, in establishing the National Housing Agency, placed in FHLBA the responsibility of supervising the final liquidation of the United States Housing Corporation which was created in 1918 for the purpose of housing workers in congested war-industry areas during World War I. At the time of the Executive order, the Corporation still held an interest in 445 houses (out of approximately 6,000 residential properties completed

under its program). The liquidation job given FHLBA has involved primarily the task of clearing up litigation surrounding the remaining properties of the Corporation in order that they may be sold. This liquidation involves a minor expense covered by special authorization from the Congress.

FEDERAL HOUSING ADMINISTRATION

1. Title I—Home modernization and improvement program

Under its title I program, FHA insures loans made by financing institutions for home modernization and repair. Such loans may be secured or unsecured, may be up to \$2,500 in amount, and up to 3 years in maturity. In practice, these loans have been generally character loans in small amounts averaging less than \$450 each, with relatively short maturities, averaging approximately 30 months, and carrying a maximum financing charge to the borrower of 9.6 percent per annum (including the insurance premium charge). The great bulk of the loans have been for heating, painting, roofing, additions and alterations, and insulation, mostly on single-family dwellings.

The insurance protection is not with respect to individual loans, but with respect to the aggregate of the loans made under the contract between the financial institution and FHA and calls for FHA payment in cash of losses in an amount up to 10 percent of the aggregate amount of the loans made under the contract. Experience has shown that the participating institutions receive virtually a 100-percent guarantee against loans where reasonable credit judgment is exercised.

Commercial banks and finance companies have been the two primary types of institutions participating in this program.

Title I insurance operations, originally limited to loans made before April 1, 1936, are, as a result of various extensions, presently limited to loans made on or before June 30, 1949. Under this program, FHA may have outstanding at any time a total liability which, when added to the aggregate amount of all claims paid less income, does not exceed \$165,000,000.

As of early 1947, more than 6,000,000 loans, aggregating approximately two and one-half billion dollars in amount, have been insured under this title, of which \$355,000,000 was estimated to be outstanding.

2. Title II—Home and rental housing mortgage loan insurance

The title II program is FHA's permanent program of insurance on first-mortgage loans made for (1) home construction, purchase or refinancing, and (2) construction of rental projects. The insurance is with respect to individual loans, and essentially consists of payment of loss on unpaid principal, made in the form of FHA negotiable debentures guaranteed by the Government. (Payment of losses on interest and foreclosure costs is contingent upon adequate recovery on the loans or property by FHA.)

In the case of new construction for owner occupancy not exceeding \$6,000 in valuation, FHA, under this program, insures 90-percent 25-year mortgages at an interest rate not exceeding 4½ percent (exclusive of FHA's one-half-of-1-percent insurance-premium charge). On new homes for owner occupancy, where the valuation is between \$6,000 and \$10,000, FHA insures mortgages for 90 percent of the first \$6,000 and 80 percent of the balance, with maturities not exceeding 20 years, and with a maximum 4½-percent interest rate (exclusive of the insurance premium). On other new homes, or on existing homes, FHA insures 80-percent 20-year mortgages. The maximum interest rate of 4½ percent and the one-half-of-1-percent insurance premium is applicable to this insurance also.

With respect to multiple-family rental projects, FHA insures individual loans up to \$5,000,000 in amount and 80 percent of

the estimated value of the property when the proposed improvements are completed. The maximum interest rate is 4 percent by regulation, plus a one-half-of-1-percent mortgage-insurance premium. There is no maximum maturity period prescribed by law, and in practice the term on most mortgages has been in the vicinity of 26 to 28 years.

There are no time limitations with respect to this program. Under this program, FHA may have outstanding at any time insurance on \$4,000,000,000 in aggregate principal amount of home and rental housing mortgage loans, which limit the President is authorized to increase to \$5,000,000,000.

Under this program, FHA has insured as of the end of 1946 over \$5,000,000,000 in home mortgages, and \$160,000,000 in rental project loans, of which \$2,500,000,000 and \$52,000,000, respectively, were outstanding as of the end of 1946. The home loans covered 630,000 new dwelling units, and 620,000 existing units; the rental housing loans, 43,000 units.

As indicated, premium charges are made, and the program is on a self-sustaining basis.

On the basis of prewar figures, FHA's insurance activities have come to cover about 30 percent of the annual total of new homes constructed, and over 20 percent of total home-mortgage financing. The bulk of the homes insured have been single-family, and many of the homes financed are in new subdivisions planned and developed from the beginning with the cooperation of FHA. About one-half of the financing on home mortgages under this program has been by commercial banks, with the remaining one-half divided among mortgage companies, insurance companies, savings and loan associations, and savings banks, in that order. Mortgage companies sell practically all the loans they finance. Insurance companies, in contrast, hold approximately one-third of the insured mortgages outstanding, as compared with 12 percent financed by them.

Two-thirds in amount of the insurance mortgages on rental projects are held by insurance companies, the other active institutions being commercial and savings banks.

3. Title VI—War and veterans' home and rental housing mortgage loan insurance

FHA's title VI program was originally undertaken as an emergency program in 1941 to provide needed housing for defense and war workers, and as such would have expired in 1946. Through the operations of this title, FHA was enabled to insure mortgages on homes and rental housing involving risks that were not considered appropriate under its permanent title II program, particularly from the point of view of economic soundness. The title VI program is also more liberal in various respects with respect to the mortgage terms (such as with respect to ratio of loans to value of the property, maximum maturity, etc.). Altogether a \$1,800,000,000 program was authorized, under which over 300,000 home mortgages involving nearly 400,000 dwelling units were insured in an aggregate amount of about \$1,600,000,000, and about 500 rental housing projects, with 37,000 dwelling units, in an aggregate amount of \$162,000,000.

In 1946, in connection with the veterans' emergency housing program, this title was extended to make its liberalized terms available for veterans' housing. For this purpose, an additional billion dollar authorization was made available, which the President was authorized to increase by an additional billion dollars. (This authority has been exercised.) Under the Housing and Rent Control Act of 1947 just passed, the expiration date of this title is March 31, 1948.

PUBLIC HOUSING ADMINISTRATION

1. United States Housing Authority

The USHA program is the low-rent housing and slum clearance program authorized

in 1937, involving Federal loan and subsidy aid to local public agencies to provide housing at rentals within the means of low-income slum-dwelling families.

Three forms of financial assistance were authorized under this program:

1. Loans fully repayable with interest, at terms not exceeding 60 years, to finance not more than 90 percent of the capital cost of the projects. Most loan contracts are at a 2½ percent interest rate. Under them FPHA has, on the average, been lending two-thirds of capital costs to be repaid over 50- to 60-year periods. (The remaining one-third has been raised by the sale of local public agency bonds to the general financing community.)

2. Annual contributions to reduce (together with required local contributions) rentals from the amount necessary to meet the annual expenses of the project to the amounts that the low-income tenants can afford to pay. These contributions are made each year on a pay-as-you-go basis to make possible the low-rent character of the project (thus permitting their reduction, as during the war, when income levels rise); are subject to the continuance of the low-rent character of the project; are limited to 60 years; may not exceed 1 percent above the going Federal rate of interest at the time of contract, applied against the cost of the project; and are subject to periodic reexamination as to amounts necessary. Under most contracts to date, the maximum annual contribution payable is 3 percent of project cost, and actual payments have averaged about 30 percent lower than the maximum provided in the contracts.

3. Capital grants, as an alternative method of assistance to annual contributions. The provisions with respect to these grants have been entirely dormant.

The statute requires local governmental contributions amounting to at least 20 percent of the Federal annual contribution, in the form of cash or tax remissions or exemptions. (All local contributions to date have been in the form of tax exemptions.) The statute also requires that the community eliminate unsafe or insanitary dwellings in the locality approximately equal in number to the number of new dwellings provided by the project being assisted ("equivalent elimination").

The program authorized under this program is \$800,000,000 in capital loans and \$28,000,000 in annual contributions. Substantially the entire annual contribution authorization (which is the limiting one) is under contract.

In 1940 the United States Housing Act was amended by Public Law 671, Seventy-sixth Congress, so as to authorize the use of these authorizations, and the projects provided thereunder, for housing defense and war workers during the period of emergency.

The figures with respect to incomes, rentals, and costs under this program are briefly as follows:

1. In 1945 the average rent charged families admitted to public housing was \$22.59 a month, including all utilities, as compared with the average rent of \$24.79 in substandard dwellings. Prior to the war, in 1940, the average rent charged families admitted to public housing was \$17.95, in comparison with the average rent of \$18.80 in substandard dwellings.

2. In 1945 the average money income of urban families in the lowest income third was \$1,500 per year. The incomes of families admitted to public housing in 1945 averaged \$1,259. In 1941 the income of families admitted to public housing averaged \$873, as compared with the average income of \$1,050 for families in the lowest income third. The average income of all families living in low-rent public housing in 1945 was \$1,566, including the higher incomes of essential war workers admitted in furtherance of the war

effort, and of families whose incomes since admission have risen to a point which now makes them ineligible. Despite the continuing difficulties of evicting these families, a program is now under way for the systematic removal of all ineligible tenants.

3. The total over-all cost per unit has averaged \$4,649; this includes not only the cost of constructing dwellings but also the cost of land, old buildings purchased and torn down where slum sites were used, site improvements and utilities, movable equipment, and all other costs.

The entire program includes 799 projects with 216,000 dwelling units. These figures include (1) 154 projects, with 19,000 dwelling units, deferred because of the war, and (2) 50 former PWA projects, with 22,000 units, which were transferred to the USHA when the United States Housing Act was enacted. As of June 30, 1946, 126,000 unsafe and insanitary dwelling units had been eliminated under the "equivalent limitation" program.

2. *Nonfarm public housing of Farm Security Administration*

Executive Order 9070, establishing the National Housing Agency, transferred to the Federal Public Housing Authority all the nonfarm housing of the Farm Security Administration. These included the subsistence homesteads, and suburban resettlement (Greenbelt towns), projects developed by the Farm Security Administration for nonfarm families of low or moderate income. It also included projects owned by homestead associations on which the Government held mortgages.

The transfer involved 31 developed subsistence homestead projects, 3 Greenbelt towns, and 8 undeveloped projects. The 31 projects range from houses with subsistence garden plots to projects for stranded families in mining and timber areas where efforts were made to develop industrial, agricultural, and cooperative activities to help reestablish sources of income.

Of the 31 subsistence homestead projects, 16 were sold by Farm Security Administration before FPHA assumed jurisdiction, but the mortgages are being serviced by FPHA. (Four have now been paid off.) Several hundred homestead units on 5 other projects were also sold by Farm Security Administration. Of the remaining projects, there are only 2 with respect to which no disposition of units has been made by FPHA in its disposition program.

3. *Defense Homes Corporation*

DHC is a corporation established in aid of the war program by RFC to provide needed war housing, and like other public war-housing programs was transferred to FPHA by Executive Order 9070 in 1942. Under this program, 31 projects were initiated in 13 States and the District of Columbia, of which 25 were completely developed, at an approximate cost of \$92,000,000. Fifteen of the 25 projects have been sold, and the remainder are in the final stages of sale proceedings. Likewise, the 6 undeveloped projects have been sold or are in the process. It is anticipated that by 1948, all the affairs of DHC will have been wound up.

HOUSING AND HOME FINANCE ADMINISTRATOR

1. *Lanham Act, Temporary Shelter Acts, and Public Law 781, war housing*

Beginning with 1940, a series of statutes were passed to provide necessary war housing for defense and war workers which private industry was unable to provide. The basic statutes involved, originally passed as independent measures, are the Lanham Act, (Public Law 781, 76th Cong.), and the Temporary Shelter Acts (Public Law 9, 73, and 353, 77th Cong.).

Under Executive Order 9070, these various programs were all transferred to the National Housing Agency, and under various statutory enactments during the war, management and operations with respect to

these various programs were consolidated to a basic extent. Under the procedures developed, operations have been carried out by FPHA, under the policy supervision of the National Housing Administrator.

Originally, housing of a permanent nature was constructed as part of the defense housing program, but with this country's entry into the war, the critical shortages of materials and manpower, the urgent need for speed and other wartime exigencies, transformed the program to one basically of temporary housing.

The present number of still active projects under NHA jurisdiction as a result of this program amounts to 1,566, with approximately 426,000 dwelling units, involving a development cost of approximately \$1,400,000,000. In addition, there are under this program approximately 44,000 homes conversion units representing properties which were leased by the Government, for the emergency period, for conversion into additional dwelling units for defense and war workers.

With respect to the permanent units under this program the present law provides that such housing may be sold and disposed of as expeditiously as possible; that in disposition consideration is to be given to the full market value; and that no such housing may be conveyed for slum clearance or low-rent housing purposes without the specific authorization of the Congress.

With respect to the temporary housing (which necessarily has been of a substandard nature, because of the wartime exigencies under which it was built), the law provides that such housing is to be removed as promptly as may be practicable and in the public interest, and in any event within 2 years after the war emergency has ceased to exist. (Under the terms of S. J. Res. 123 recently passed by the Senate, the running of the 2 years would start at this time.) To provide necessary flexibility, however, the law further provides that there was be excepted from this 2-year requirement such housing as may be found still to be needed in the interest of the orderly demobilization of the war effort. These exceptions may be made only after consultation with local communities, and must be annually reexamined and reported to the Congress.

2. *Lanham Act veterans' housing (temporary reuse program)*

Title V of the Lanham Act was enacted in June 1945. As originally passed, it authorized the National Housing Agency to exercise the war housing powers of the Lanham Act in order to provide temporary housing for servicemen and veterans and their families who were affected by evictions and other hardship. In December 1945, the title was amended to provide for what is now commonly known as the temporary reuse program.

Under this program surplus army barracks and other wartime structures are converted into temporary veterans' housing. The program is carried on jointly by the Federal Government and local communities, educational institutions, and similar local agencies. The local agencies provide the sites and off-site utilities, while the Federal Government undertakes the responsibility for the actual transportation and reerection of the structures. The Federal Government may enter into contracts to reimburse the local agencies or institutions for any costs which they may incur in transporting and reerection of the structures or in connecting utilities from dwellings to mains.

Federal funds in the sum of approximately \$440,000,000 have been made available for this program which, as of March 31, 1947, comprised 164,000 units, of which 126,000 units had been completed. Under Public Law 85, Eightieth Congress, passed May 31, 1947, an additional \$35,500,000 was authorized to complete projects under construction. Appropriation of this amount is now pending in the Congress.

EXHIBIT 3

NATIONAL SAVINGS AND LOAN LEAGUE,
Washington, D. C., June 27, 1947.

DEAR SENATOR: Although the National Savings and Loan League last year opposed Reorganization Plan No. 1 of 1946, which would have created a permanent National Housing Agency under a National Housing Administrator and within that Agency a permanent Federal Home Loan Bank Administration under a Commissioner, the League favors plan No. 3 of 1947 because of important basic differences. We were glad to see the Senate Banking and Currency Committee approve the new plan also.

Plan No. 3 of 1947 would establish a Home Loan Bank Board in lieu of a one-man Commissioner who, under Executive Order 9070, has had all of the duties, powers, and responsibilities of the original Federal Home Loan Bank Board with respect to the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, and the chartering, regulation, and supervision of Federal savings and loan associations under section 5 of the Home Owners' Loan Act of 1933, as well as other duties and powers vested in the Board.

The quasi-legislative and quasi-judicial functions of the Federal Home Loan Bank Board are of such a type and of such life-and-death importance to the thousands of thrift and home-financing institutions with their more than ten billions of assets and many millions of private investors as to require the judgment and the checks and balances which exist in a Board as contrasted to a single Commissioner.

Whereas Plan No. 1 of 1946 gave the Administrator of the National Housing Agency unnecessary directive authority over the constituent agencies, plan No. 3 of 1947 only gives the Administrator responsibility for "general supervision and coordination of the functions of the constituent agencies."

We do not question the responsibility of the President of the United States to exercise general supervision over these Federal agencies. All that Plan No. 3 does is to designate someone who will be the direct representative of the President in serving this function and will report to him. Plan No. 3 does not, in any way, lessen the autonomy of the Home Loan Bank Board in performing its functions.

If this plan is effectuated, the Congress of the United States will still have the final authority over the activities and programs of the agencies concerned and if, for any reason, the arrangement contemplated by plan No. 3 does not prove to be satisfactory, then the Congress can change these agencies and the facilities for the coordination of their activities as then indicated.

It is our earnest hope that the Congress will permit this plan to be effectuated.

Sincerely,

CURTIS F. SCOTT,
President.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. CAIN. Mr. President, I yield to the senior Senator from Virginia [Mr. BYRD] as much time as he may care to use on this subject.

Mr. BYRD. Mr. President, I have carefully read the message of the President submitting Reorganization Plan No. 3, and I have read the hearings. There is not a single assertion by anyone that any savings will result to the Treasury by reason of the adoption of this plan. No Senator is more desirous of seeing a reorganization of the 1,152 agencies, bureaus, and commissions of the Government than is the Senator from Virginia. I was a strong advocate to give this re-

organizational authority to the President of the United States. In fact, as certain Members of the Senate will recall, I introduced an amendment to the bill, requiring that there should be negative action by both the House and the Senate before a plan submitted by the President could be prevented from going into operation.

I am very deeply disappointed that, despite the great opportunities for economy that exists in every single branch and agency of the Government, the President of the United States has recommended three plans, in not one of which is there a single claim made that any economy will result.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. REVERCOMB. I may say to the able Senator from Virginia that I recall how much interest was manifested by the Senator from Virginia when the legislation was being formulated, and later enacted, which authorized reorganization plans to be prepared by the Chief Executive and submitted to the Congress. I was also greatly interested in the legislation. I understand that now the Senator states with respect to the Plan No. 3 that it brings about no saving in cost whatsoever to the Government.

Mr. BYRD. I say, Mr. President, that the claim is not even made that any saving will result. So far as I can see, there will be no saving, because the plan abolishes nothing. It simply coordinates certain agencies of the Government which will continue to operate as they are operating now.

Mr. REVERCOMB. Was not the very purpose of the legislation as a result of which the plans have been prepared and submitted to make more efficient the administrative side of government, and was it not the thought of those who brought forth the legislation that the cost of government would be lessened by reorganization, and that there would be need for fewer employees in the executive departments under reorganization?

Mr. BYRD. That should certainly be the main purpose of any reorganization plan.

Let me say, Mr. President, that we have 1,152 boards, bureaus, and commissions in the Federal Government. Yet not one single one has been abolished by any one of the three reorganization plans submitted to the Congress. A fisherman, who throws his line into the water, sometimes finds his efforts rewarded. Like the fisherman, it seems to me that one who attempts to reorganize various agencies, could hardly fail occasionally to achieve some little economy under whatever effort is made. Under the condition which now confronts us, when we have nearly numberless boards, commissions, and bureaus, when 2,100,000 persons are still employed by the Federal Government, it seems to me there should be some way whereby the President of the United States, under the power which Congress gave him, could submit to Congress plans which would abolish something. That is what I want to see done. I want to see abolished bureaus or commissions which are doing overlapping work, or depart-

ments of the Government which are duplicating the work done by other departments.

What the reorganization plan does is to deal with seven agencies of the Government. It deals with the Federal Home Loan Bank Board. It also deals with the Home Owners' Loan Corporation. Mr. President, the Home Owners' Loan Corporation should be liquidated. It should not be continued and made permanent under the new organization. There has been no better time in the Nation's history to sell the buildings and the homes which are now owned by the Home Owners' Loan Corporation, than now. Since, as I believe, the present market for buildings is the highest in many years, and it will probably continue for some time. So, instead of transferring that agency to some other agency why can it not be liquidated, and thus save the great amount of money which the Government now pays out with respect to employees of the Home Owners' Loan Corporation and the administrative costs involved.

The Home Owners' Loan Corporation has not made a loan for homes for many years. The Plan No. 3 proposes to place it under the new agency, and nothing is done except to group it with other agencies. There is no elimination of duplication of effort or of expense.

The next one is the Federal Housing Administration. Then there are the Federal Savings and Loan Insurance Corporation, the United States Housing Authority, the Defense Homes Corporation, and the United States Housing Corporation, and the new coverall agency.

Mr. President, I have always found that when such a thing as simply coordinating and consolidating existing agencies is undertaken, without eliminating anything, and establishing a coverall agency, it really costs more money. That has been the experience of the Government since I have been in the Senate during the past 14 years.

A new council is then placed at the top, which is called the National Housing Council. The purpose of the new council is to coordinate the activities of the seven agencies I have named. In other words, we have a super coverall agency to coordinate the agencies we already have.

Another effect of Plan No. 3 is to make permanent by law temporary agencies of the Government. That is one of my main objections to the plan.

Let me recapitulate the reasons, Mr. President, why I intend to vote against the plan.

First. There is no contention that any savings will result.

Second. The temporary National Housing Administration will be made permanent under the new name of "the Housing and Home Defense Administration."

Third. An additional agency will be added, to be known as National Housing Council.

Fourth. Although the seven housing agencies are to be transferred into the new administration, they will not be consolidated, and they will in no way lose their identities. They will function just the same, doing the same work, and

involving the same duplicating expense. The only difference is that there will be at the top of them all a coordinating agency which will result in the outlay of more money.

Fifth. It is bad policy to mix agencies concerned, on the one hand, with public or socialized housing with private housing.

Sixth. It is bad business to mix agencies concerned with banking or housing loans with agencies concerned with construction and materials.

Seventh. Only in very slight degree, if any, would confusion be eliminated, because only 7 out of the 13 agencies dealing with housing are embraced in the plan.

For the reason stated, Mr. President, I am very regretful, as one who has fought for 14 years in the Senate to do all he could to bring about a simplification of the vast governmental machinery, to cast my vote against Reorganization Plan No. 3, just as I voted against Reorganization Plan No. 2.

I wish to say further, Mr. President, that as one who supported the President of the United States with all the capacity he had, by giving to him the authority to reorganize, for which he asked, I do not intend to vote for a single reorganization plan that fails to bring about economies. That is the purpose and that is the reason for reorganization of the Federal Government. We should have economy which goes with efficiency.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. REVERCOMB. The able Senator from Virginia has made a statement which I am glad has been made. When he supported the original legislation and worked hard to have this power placed in the hands of the President to draw up reorganization plans, doubtless the Senator will remember that I rather insisted that the reorganization should be done by the Congress itself. The Senator will probably recall the discussions we had in committee upon that subject. But my seniors, who had a great deal more experience with such matters in the Senate, prevailed upon me that the only way to do it was to place it in the hands of the Chief Executive. The result has not been a very happy one, because, as has been pointed out, plans are being submitted which contain no saving in cost of administration, and so far as I can find, no reduction in the number of persons employed in administrative capacity.

Mr. BYRD. I will say to the Senator that whenever no claim is made that savings will result we can rest assured that there will be no savings, but, to the contrary, my experience has been that there will be increased costs. If there is any saving whatsoever in contemplation it will be claimed that saving will be effectuated. As I read the testimony of the Director of the Budget, he does not claim that there will be any saving. I have read the report of the committee. I have read the message of the President. I have not been able to find any claim made in any of these documents that one dollar of saving will result to the

Federal Treasury by reason of the passage of the reorganization bill.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. TAFT. Of course, we have now in effect what is substantially the pending reorganization plan. It is in effect under section 1 of the War Powers Act. So that substantially what the plan under consideration would do would be to continue that existing reorganization. Naturally there would not be in such a plan a saving. If left to themselves, the existing agencies may fall apart. Under the reorganization plan, it is proposed to set up a Housing and Home Finance Agency, which will supervise the FHA, the Federal Home Loan Bank Board, and the Public Housing Administration, under each of which there are a number of constituent agencies. My experience is that in every case such agencies, by themselves, with no supervision, but responsible only to the President, rapidly expand and spend more money than if they are in one consolidated agency.

I dispute entirely the contention of the Senator from Virginia that if Plan No. 3 is adopted there will be no saving. We have had this consolidation during the entire war period. My opinion is that we would spend much more money if we were to let these agencies fall apart into half a dozen constituent agencies, each one responsible only to the President of the United States.

Mr. BYRD. The Senator from Ohio has touched upon one feature which has influenced the Senator from Virginia to vote against this plan. He admits that what the plan does is to make permanent these emergency agencies. They were created under war powers, but it is proposed, by an enactment of Congress, to make them permanent. That is one reason why I cannot vote for the plan.

Mr. TAFT. So far as I know, none of these agencies were created for the war. They existed before the war. Before the war, there were 15 different agencies dealing with housing. Under the War Powers Act, they were put together and one man was placed in charge of them all. Perhaps he is an extra agency. But it is not an expensive overall change. It is to a large extent a consolidation of research activities in the housing field. It has been unnecessary in many cases to create new agencies under them because they have been able to operate directly in the special field of war housing. So far as I know, no war agency is continued.

Mr. BYRD. I refer to agencies created under the war powers. The Senator is correct; there are about 14 agencies relating to housing, and only 7 of them are dealt with in this plan. Not a single one of them is abolished. There would still be six or seven additional agencies dealing with housing which are not covered by the plan.

Mr. TAFT. I question that. What agencies are there that are not covered by this plan which are now dealing with housing?

Mr. BYRD. I can furnish the Senator a list of them. There are quite a number of such agencies.

Mr. TAFT. I know of none; and I have been over the subject quite often, and fairly recently.

Mr. BYRD. I shall furnish the Senator a list of the agencies. I do not have it at hand.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. FLANDERS. I should like, if I may, to come to the Defense of the Committee on Banking and Currency, which reported the resolution adversely. I understood the distinguished Senator from Virginia to say that he found in the report of the committee no reference to a reduction of expenses. I find these words in the report:

No elaboration is necessary to prove that without the general supervision and coordination of the functions and activities of the constituent agencies provided in the reorganization plan, each would undertake separately its own independent general statistical studies, technical research and similar matters, and would duplicate other activities which are common to the programs of all of them and which, as contemplated by the plan, could be done for all of them on a mutually satisfactory basis by a single central unit more economically.

Mr. BYRD. What is the estimate of savings made by the committee?

Mr. FLANDERS. There is no estimate of savings by reason of improved operation under the proposed plan; but each of us is at liberty to make his own estimate of what the losses would be if we were to disapprove the plan and return to the disorganized situation which existed prior to 1942.

Mr. BYRD. I will say to the Senator that when the question was asked of Mr. Lawton, representing the Budget Bureau, on page 13 of the hearings held in the House, he gave the answer which I shall read. He was being questioned by Representative KARSTEN:

Mr. KARSTEN. I should like to ask you if you have this consolidation, in your opinion, would it result in greater efficiency and perhaps reduce the expenses of the over-all agency if they were all under one head or authority?

Mr. LAWTON. I cannot answer that specifically. I can only answer it in this general fashion, that in the unification of the housing activities under one general direction.

My observation over quite a long period of years is that when any branch of the Government feels that it can effect economies, the claim is always made that there will be economies, though frequently economies are not effected. However, no claim is even made for economies in connection with this plan. If the committee has any information which is not available to the Senator from Virginia as to the economies, I should like to know what it is.

Mr. FLANDERS. Mr. President, will the Senator further yield?

Mr. BYRD. I yield.

Mr. FLANDERS. I believe that the response made to the question in the House was an honest answer. No claims were made for any great reduction in costs by reason of the revision under the existing plan. But again I call the attention of the distinguished Senator from Virginia to the very serious alterna-

tive possibility of going back to no plan and having a very greatly increased expense. That, in my opinion, is where the question of expense enters into this problem.

Mr. BYRD. In the judgment of the Senator from Virginia it is very much better to wait, even if we wait a year or so, and bring about a real reorganization, abolishing some of these agencies. No agency is proposed to be abolished under this plan. I disagree with the Senator from Vermont that the plan provides for changing the functions of the agencies. It simply coordinates them under a new agency called the Housing and Home Finance Agency.

Mr. FLANDERS. Mr. President, will the Senator further yield?

Mr. BYRD. I yield.

Mr. FLANDERS. That is not a new agency. If the Senator will compare the new agency with the existing agency established in 1942, he will find that the only change is to diminish the powers of the head of the coordinating agency and give him general supervision and coordination, instead of making him a dictator. Dictatorship did not work.

Mr. BYRD. My observation is that we always get a coordinator, instead of abolishing something. Instead of discontinuing some function of Government we establish another agency to coordinate the existing agencies. That has happened time and time again in Washington in the past 14 years.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. FERGUSON. On page 2 of the report, under the heading "Description of Reorganization Plan No. 3," I find this:

Reorganization Plan No. 3 of 1947 groups nearly all of the permanent housing agencies and functions of the Government, and the remaining emergency housing activities, in a Housing and Home Finance Agency, with the following constituent operating agencies:

Earlier we were discussing the question whether all the agencies were included. The report uses the words "nearly all."

Mr. BYRD. There are some other agencies which deal with housing. Unfortunately I have not the data at hand now. There are some other agencies which are not included in the report.

Mr. FERGUSON. Mr. President, will the Senator further yield?

Mr. BYRD. I yield.

Mr. FERGUSON. I should like to inquire if the Housing and Home Finance Agency is not a new organization. I did not find it in the corporation appropriation bill. We did discover there the National Housing Agency, office of the Administrator, for which, on page 3 of the bill, line 15, we appropriated \$100,000. We discovered that he desired more than \$1,000,000 to operate the office of the Coordinator; but after going over the facts it was disclosed that he wanted economists, attorneys, and an organization to do research work. There is a great deal of money spent by all the agencies and bureaus of the Federal Government under the guise of research and coordination. I wonder whether or

not the Senator knows of any appropriation which has been asked for the Housing and Home Finance Agency?

Mr. BYRD. I have never heard of it. So far as I know, it is a new agency, though the Senator from Vermont [Mr. FLANDERS] says it is not.

Mr. FERGUSON. Mr. President, will the Senator yield so that I may ask the floor manager of this legislation, the Senator from Vermont, regarding that matter?

Mr. BYRD. I yield.

Mr. FLANDERS. Mr. President, this is not a new undertaking. It is the same Administrator, but with a new name.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. CAIN. I should like to ask the Senator from Vermont if the time which he is most interestingly and informatively using comes from the time allotted to him? He has control over the 2 hours allotted to those in favor of the proposal. Does it come from our time, which we could, I think, from our point of view, use to better purpose?

Mr. FLANDERS. Mr. President, being similarly unskilled in the arts and wiles of discussion on the floor of the Senate, I likewise ask the same question.

The PRESIDING OFFICER (Mr. THYE in the chair). If the Chair make this observation, unless the two Senators cease "kidding" each other considerable time will be lost which belongs to both of them.

Mr. CAIN. I will say to the Senator from Vermont that I was trying to save time.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. FERGUSON. The Senator now advises me that this is not a new agency, but that the name has been changed?

Mr. FLANDERS. Under the existing organization which derives from the reorganization of February 24, 1942, the name "National Housing Agency" is changed to "Housing and Home Finance Agency." Why the name was changed I do not know; so I do not wish to be questioned.

Mr. FERGUSON. I imagine that one of the reasons is that they could use more letters of the alphabet. As we try to consolidate they think about the alphabet a little more, and therefore they are using another name. The National Housing Agency, Office of the Administrator, is the agency which the Appropriations Committee saw fit to limit, both in the House and in the Senate, to \$100,000, because we figured that if they were coordinated they should do that job alone and not enter into the big field of research.

Mr. FLANDERS. It would seem to me, Mr. President, that the things on which the heart of the Senator from Virginia is set, in common with the hearts of all of us, have already been accomplished.

Mr. FERGUSON. Mr. President, will the Senator yield for another question?

Mr. BYRD. I yield.

Mr. FERGUSON. I am anxious to know more regarding the statement

that each individual agency will possess its individual identity and be responsible for the operation of the program. How could a coordinator, no matter how much money was appropriated, do anything with relation to constituent agencies if they were to retain their individual identity and be responsible for the operation of their programs? How could a coordinator do anything in that situation? Is it not pure surplusage?

Mr. BYRD. I think the Senator is entirely correct. That is the point which the Senator from Virginia has made. This is merely a coordination, not a re-vamping of the functions of the various agencies. They remain and continue as they have been.

Mr. President, I shall conclude. I do not want to take up any more time of the Senator from Washington [Mr. CAIN]. I merely desire to say that it is with very deep reluctance that I shall vote against this Reorganization Plan, because I supported the authority of the President with all the vigor I possessed, and offered an amendment which was agreed to by a close vote, by which the plans were to be made operative, unless rejected by both Houses. I did so, Mr. President, in contradiction of a position which I had taken 2 or 3 years earlier. I doubt very much whether I was correct about it, but I did it because I wanted to give the President every possible opportunity to effect a reorganization which would mean something, which would prevent duplication of effort, which would save money for the taxpayers, and reduce the number of employees who then numbered 2,100,000. I again express my regret that the President of the United States has not seen fit to use this power in any of the three organization plans which he has submitted to Congress in such a way as to effect economy and actually reduce the overlapping and duplicating activities of these 1,142 agencies. Therefore, Mr. President, I shall cast my vote against the plan as submitted by the President.

Mr. CAIN. Mr. President, the junior Senator from Washington shares one conviction with every other Senator in the Chamber; namely, that housing is a national problem, that it is complicated and complex and as difficult of understanding as any other problem which confronts us. By instinct and by study, we realize it to be a problem for which we hope before very long America will find an answer, but for which some of us in this Chamber at this time feel that the President's proposed Reorganization Plan is not even an approximation of the answer which the Nation is seeking.

The consideration given to the President's reorganization plan by the Senate Committee on Banking and Currency was a rather thorough one and long extended. It was finally resolved by a vote of 7 to 6 for approval. The junior Senator from Washington obviously represents the minority vote and position, and in connection with it I hope in a few minutes to submit for the Record the reasons which guided our negative action on the President's proposal.

I am but one of a good many who will vote against the President's reorganization proposal for approximately five reasons, which are as follows:

First, it is unnecessarily expensive and will, in our opinion, become extravagantly so in the future. I think that what the senior Senator from Virginia [Mr. BYRD] has said is incontrovertible, that the consolidation, coordination, and integration contemplated by Plan No. 3 will result in no saving for the American taxpayer. Though it may be held by some that savings will be accomplished in the future, such evidence is not in the record up to this time.

On the basis of the budgets which have been recently submitted by the various component parts which make up the National Housing Agency, no one who understands the situation and studies the figures will gain any impression that we are even beginning to think about saving money in the field of Federal housing.

Secondly, those of us who strenuously oppose this plan do so because it makes permanent an institution or an agency or a group—call it what we will—which was designed primarily to attempt to do a good job during the war.

I think it was the senior Senator from Ohio [Mr. TAFT] who said a few minutes ago, in response to a question or a comment of the senior Senator from Virginia [Mr. BYRD], that the President's proposal was merely to continue on in the future what we have learned to do through coordination in the field of housing during the war. If that is the basis of the support which the senior Senator from Ohio will give to this program, I am inclined to believe that time will cause him to change his mind, because on my desk there is evidence so much to the contrary that any reasonable minded person who had thought that what we did in the name of war housing was effective, would be forced to come to a different conclusion.

My third reason, Mr. President, is that I see absolutely no reason to believe that war housing—a very simple phrase of two words—will be better liquidated under the President's proposed reorganization plan than has been the case in the past. That, to me, is tremendously important. War housing, for the benefit of those who do not know its size, scope, and magnitude, cost the American taxpayer by way of investment approximately \$2,000,000,000. Through sale and liquidation the average taxpayer in this country has a perfect right, as does his Government, to expect a return on the investment.

It is not necessarily on the basis of my very few months in the Senate that I feel so strongly about this matter as an individual, but it is because of the evidence which is before me. I know of no single agency under the jurisdiction of this great Government which, perhaps because of its inability to understand its accountability, has given to the American citizen such a very bad run for his or her money. Bear in mind that the National Housing Agency, which was created, as I recall, by Executive Order 9070 on February 14, 1942, had three

component parts. One was the Federal Housing Agency.

Then there was the Federal Farm Bank Loan Board, and there was the third component part, the Federal Public Housing Authority.

If I am not mistaken, the senior Senator from Ohio in one or two of his questions a few minutes ago indicated that he did not believe that that Executive order did anything other than to group and coordinate. He did not know that it created a new agency. Yet, Mr. President, in 1942 it created the Federal Public Housing Authority to have management and jurisdiction over what previously had been known as the United States Public Housing Authority; I think that is its correct title. That organization concerned itself with low-rent housing and slum clearance. In addition the FPHA was given a mandate by Presidential order to manage, maintain, and construct war housing.

Mr. TAFT. Mr. President, if the Senator will yield to me, let me say that was not a new agency; it was merely a new name for the United States Housing Authority, which had existed for 6 or 8 years.

Mr. CAIN. Mr. President, the Senator from Ohio may be correct. I think he will find, up a closer examination, that the United States Housing Authority became but one of a number of constituent agencies under the Federal Public Housing Authority. But the point in that connection—as to whether the interpretation of the Senator from Ohio or my interpretation is correct—I think is not the important item to consider. I am talking about effectiveness and efficiency, and I am talking in the hope that we can do a better job of housing, so as to build more houses and save money for the American people.

I think it was the senior Senator from Vermont [Mr. AIKEN] who earlier today in this Chamber asked consent to have read into the RECORD, as he did the other day, a governmental report on a Federal agency, in this case being a report submitted, I think, by the General Accounting Office. The other day he said that he wished to submit 5 or 6 similar reports which he was prepared to clear at that time, but he said he was not prepared to submit for the RECORD of the Senate a General Accounting Report on a particular Federal agency, for he said the allegations and the charges of mismanagement and misdirection were so positive and firm and clear and concise that he would like to give those who as individuals are accused an opportunity to speak for themselves.

Mr. President, most of us had not heard any more about that matter; and then earlier today the Senator merely introduced that document for the RECORD. I have a copy of it before me. It is a result of a public accounting by the firm of Price, Waterhouse & Co., of the city of New York, on its survey of the accounting system of the Federal Public Housing Authority for the fiscal years 1945 and 1946. This accounting report is not going to cover a couple of million dollars, Mr. President; it is not going to cover a couple of hundred million dol-

lars; it covers approximately \$2,000,000,000 of assets. When it is said by one of the most reputable firms, accounting-wise, in this country, that—

The foregoing deficiencies result in the aggregate in a balance sheet totally without integrity—

I think that is germane and important to a further consideration of the President's proposal that we shall continue, in part, some of the methods that recently were used during the war.

Mr. President, I hope every Senator in this Chamber will read as closely and carefully as he can the consolidated report coming from the committee of which the Senator from Vermont [Mr. AIKEN] is chairman, and which resulted from the report made by Price, Waterhouse & Co., an accounting firm in the city of New York. I am strongly opposed to the continuance of any system of war-housing disposition which gives us so little reason to believe that the job will be better done than has been the case in the past.

Along with other of my colleagues, my fourth reason for opposing this Presidential plan is because in our opinion it violates congressional directives which have been laid down in the past; and in my considered opinion, at any rate, I think this body should give much more consideration to what it wishes to do about housing in the future, before it adopts a plan which is primarily and essentially what we have been doing already since the year 1942.

Recently other Senators and I voted very enthusiastically, as I recall, for a resolution which proposed the creation by the President of a 12-man commission. I think the author of the resolution was the junior Senator from Massachusetts [Mr. LODGE]. I saw a great significance and importance in that resolution, and so, too, did most other Senators.

Several days ago I sat as a member of the Banking and Currency Committee, and I joined with other Senators in voting unanimously in favor of a housing resolution which had been submitted by the junior Senator from Wisconsin [Mr. McCARTHY], the purpose of the resolution being to have a complete analysis made of the housing situation in this country. If that work were properly done over a period of a year, and if the duty which was allocated to and directed toward the Presidential commission which grow out of activities arising within the Senate—and the function of the commission, as I understood, was to determine the efficiency of the executive branch and how best to group and coordinate executive agencies within the Government—was properly performed, I think we should have the kind of answer to the housing problem which all of us sincerely and anxiously are looking for.

Mr. President, my next reason for opposing the plan is because I do not see that, if adopted, it will result in the building of any more houses. If we are considering a housing plan with reference to the building of more houses, I do not think we wish to spend any more time on the President's reorganization plan. I think those phrases are used rather loosely. We are discussing an at-

tempt to continue what some persons admittedly have thought was a job well done, whereas others, including myself, think it was purely an experiment, and that the sooner we get rid of much of it, the better off the country will be.

I should like to refer to a colloquy which occurred a few minutes ago between the Senator from Alabama [Mr. HILL] and the Senator from Louisiana [Mr. ELLENDER]. The Senator from Alabama wanted to know from the Senator from Louisiana what power the head administrator would have under the President's proposed reorganization plan. The Senator from Louisiana said, in effect, "I can best tell the Senator what his power would be by telling him what it has been under the National Housing Agency." If I understood him correctly, he said that under the reorganization plan of 1942 the National Housing Administrator had the power of direction over the constituent agencies that, in the words of the Senator, he had a "big stick," that he could get things done, that he had power. As I understood the interest of the Senator from Alabama in the problem, he was agreed that under the previous plan of 1942, and as suggested in the reorganization plan of last year, the Administrator was given too much power.

Mr. HILL. Mr. President, will the Senator from Washington yield?

Mr. CAIN. Certainly.

Mr. HILL. As I understood the Senator from Louisiana, he was making the point that under the reorganization plan now before the Senate the over-all Administrator would have as much power as he has under the 1942 Executive order.

Mr. CAIN. That is my understanding. My reason for bringing that up is that if the Senator from Louisiana was correct, and under the reorganization plan of 1942 the chief Administrator has power sufficient to do a job, I cannot for the life of me understand if, through his office—not himself as a person—the conduct of the Federal Public Housing Authority, which was one of the three constituent agencies, was permitted to be profligate and extravagant and without accountability, and if we are to lessen, under the President's proposal, the power of the chief Administrator, we can look for a better result. If the job was badly done—and on the basis of figures within this one constituent agency, known as the Federal Public Housing Authority, it was badly done—the natural assumption would follow that he should have greater power rather than less.

Mr. TAFT. Mr. President, will the Senator from Washington yield?

Mr. CAIN. I yield to the Senator from Ohio.

Mr. TAFT. If the plan is rejected, this particular agency would be entirely on its own, there would be no check on it at all of any kind, except the President himself. Whether the National Housing Administrator did a job of supervising may be important, but I do not see what it has to do with the question whether we should consolidate housing agencies under one head, because when they were consolidated, the job that should have been done was not done.

Mr. CAIN. In my opinion it is extraordinarily important, because we are not talking about \$10,000,000 or \$40,000,000, we are talking about a couple of billion dollars, and we are talking further about the fact that the National Housing Administrator in a number of hearings—and this is not to his prejudice as an individual—said, "My difficulty has been that I as supervisor do not know what goes on in the Federal Public Housing Authority," and no one else knows what has been going on within that agency.

The Senator from Ohio has just suggested that if the President's reorganization plan fails the Federal Public Housing Authority will become again an independent agency. For a period of a good many weeks two bills have been pending in the Committee on Banking and Currency—

Mr. TAFT. If the Senator will yield, I take that back, because I remember now that he is to be subjected to the Federal Works Administrator. He will be returned to the Federal Works Administration, and subject to their supervision. I made a mistake in making the statement.

Mr. CAIN. Before the Committee on Banking and Currency for some weeks there have been two bills. One is the bill to which the Senator has just referred. What does it do? It provides that as of the date of the enactment of the bill, if it shall be enacted, the Federal Public Housing Authority, with all its assets, functions, responsibilities, and duties, shall be returned to where it came from under the Lanham Act, to the Federal Works Agency, for the reason that it would be the desire of those who support this character of legislation to liquidate the Federal Public Housing Authority as rapidly as possible, in the interest of the American taxpayer.

Mr. TAFT. Mr. President, will the Senator from Washington yield?

Mr. CAIN. I yield.

Mr. TAFT. Regardless of the desire to do so, it would be wholly impossible, because it has a 60-year obligation to check all the metropolitan housing authorities which have been established. It has to determine the proper amount of subsidy under the contracts which have been made, and it cannot be liquidated. Its functions might be transferred to some other agency, but it cannot be liquidated.

Mr. CAIN. I suggest I referred to its Lanham Act functions. I should like to make it clear to the Senator from Ohio, that if what we think is a counter and proper proposal should prevail, the FPHA, so far as its responsibility for Lanham Act activity is concerned, would be liquidated. The United States Housing Authority, which is presently a component and constituent part of the FPHA, would continue its operations, as it should.

Mr. TAFT. As a matter of fact, the Government should own no housing, and everyone agrees that all the war housing should be disposed of. There is a question as to whether some of it suitable for public low rent housing should be transferred to local authorities. Everyone agrees, and under this reorganization

plan it will be just as necessary, that all the war housing be liquidated.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CAIN. I yield.

Mr. MAYBANK. I call to the attention of the Senator from Ohio and the Senator from Washington the fact that while the plan now being considered is not a perfect plan, it is the first reorganization plan having to do with housing I have seen presented since I have been a Member of the Senate. Going back to 1941, I remind the Senator from Washington that for the first time we will have an over-all housing agency. When one goes to a meeting of the Committee on Appropriations, on which I have had the pleasure to serve for 5 years, he will find one appropriation to cover various branches. On too many occasions I have seen that agency and that agency, each vying with the other to get more appropriations, whether it be the FHA, the Home Loan Owners Organization, the Alley Dwelling Organization, whatever it may be.

The Senator knows that in the committee I voted for the approval of the plan. It was, of course, a negative vote. I do not believe it to be a perfect plan, but despite the remarks of the senior Senator from Virginia [Mr. BYRD] a few moments ago, I believe it would save some money, because there would be only one agency before the subcommittee of the Committee on Appropriations and before the Committee on Appropriations, and we would get an over-all picture from the one agency, whereas in 1942, 1943, 1944, 1945, and 1946, as a member of the subcommittee which had charge of the housing appropriations, I could see all these agencies, vying with each other, come with their over-all staffs, each desiring the full appropriation.

I am supporting Plan No. 3 reluctantly. I agree with the Senator that it is not perfect. I believe Lanham Act housing, as he knows, should be returned to the communities, and I am supporting his bill, so there would be one over-all control in the communities, but I believe the plan submitted is the beginning of something on which we may build.

I merely wanted to express to the Senator what I thought about the matter as it pertained to the appropriations, which, after all, are the expenditure of tax money.

Mr. CAIN. Mr. President, if I understood the Senator correctly, he said that during the years he had been in the Senate this had been the first attempt to coordinate housing agencies.

Mr. MAYBANK. On the floor of the Senate, yes. In the Committee on Appropriations in 1942, I think, or in 1943, the senior Senator from Tennessee [Mr. McKELLAR] tried to coordinate the activities through an amendment to a bill. I may be wrong in that statement, but I think I remember correctly.

Mr. CAIN. I should like to make the point, if I may, that in 1942 the National Housing Agency was directed to group under and within itself most of the separate housing agencies then in existence. What is the essential difference

between the plan before us, the President's proposal, and the Reorganization Plan of 1942? I think there is no difference.

Mr. MAYBANK. I might say to the Senator that in 1941, when the war began, there was of course a great demand for war housing not only in Washington but in communities where there were large camps, for the purpose perhaps of housing the wives of officer personnel. There were large housing developments in the Senator's State of Washington, where so much war work was done; likewise, in South Carolina. I think that after the commencement of the war, it was not carried out as I hope this will be. When I say I hope, I mean that we all entertain a hope, at least to some extent.

Mr. CAIN. I may say to the Senator from South Carolina that, should the plan prevail, I shall join with the Senator in a very serious hope that it will work as effectively as certain of its sponsors are firmly of the opinion it will work.

Mr. MAYBANK. That is my hope and prayer. I admit it is not perfect, but in my judgment it is at least a start. I thank the Senator for yielding.

Mr. CAIN. Mr. President, if it is permissible, I had had prepared for delivery on this floor a statement covering individual views in opposition to the majority views of the Committee on Banking and Currency, which reported favorably the President's Reorganization Plan. If I may be permitted to do so, I shall for the reason that I have already stated much of what is in the statement, submit it for the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

INDIVIDUAL VIEWS

GENERAL STATEMENT

Under the Reorganization Act of 1945 on May 27, 1947, the President submitted to the Senate and House of Representatives Reorganization Plan No. 3 affecting the so-called housing and home-finance agencies. House Concurrent Resolution 51 was, after hearings, reported by the House Committee on Expenditures in the Executive Departments favorably by a vote of 13 to 4 and the same was passed by the House of Representatives disaffirming said plan without opposition.

The House committee's opinion on this plan was as follows:

"Reorganization Plan No. 3 of 1947 is inconsistent with the action taken by the Seventy-ninth Congress. The substance of the opinion filed by the committee last year is as follows:

"1. Congress and the Federal Government should encourage private home ownership and discourage Government ownership because private home ownership is the foundation of our democracy.

"2. Private home ownership is strongly favored and will not be encouraged or protected by an agency whose policy favors Federal building and Federal control of homes; therefore,

"3. While there should be a permanent consolidation and grouping of all related housing agencies and functions thereof, such agencies as the Federal Home Loan Bank Board and the Federal Housing Administration, which respectively makes mortgage loans to and insures mortgage loans for private builders and private home owners, should not be placed under administrative

control of an agency whose primary function is to build houses with Federal funds or manage federally owned housing projects.

"The views of this committee are substantially the same."

The undersigned in principle agree with the House committee's conclusions.

Said resolution was considered by the Senate Banking and Currency Committee and reported to the Senate adversely by a vote of 7 to 6. Said plan will become law unless disaffirmed by the Senate by July 27, 1947.

The undersigned object to Reorganization Plan No. 3 and favor House Concurrent Resolution 51 for the following reasons:

1. Said plan is the same in substance and effect as Reorganization Plan No. 1 of 1946, which was disaffirmed by the House and Senate last year.

2. Said plan seeks to accomplish by Executive order of the President a form of organization of the so-called housing and home finance agencies now under consideration by the Senate in S. 866, by Mr. TART for himself and Mr. ELLENDER and Mr. WAGNER, and it is the judgment of the undersigned that the questions dealt with in said reorganization plan should be more appropriately dealt with in S. 866 or other appropriate legislation.

3. Said plan was forwarded to the Congress under the Reorganization Act of 1945, which expressly provides in section 2, as follows:

"Sec. 2. (a) The President shall examine and from time to time reexamine the organization of all agencies of the Government and shall determine what changes therein are necessary to accomplish the following purposes:

"(1) to facilitate orderly transition from war to peace;

"(2) to reduce expenditures and promote economy, to the fullest extent consistent with the efficient operation of the Government;

"(3) to increase the efficiency of the operations of the Government to the fullest extent practicable within the revenues;

"(4) to group, coordinate, and consolidate agencies and functions of the Government, as nearly as may be, according to major purposes;

"(5) to reduce the number of agencies by consolidating those having similar functions under a single head, and to abolish such agencies or functions thereof as may not be necessary for the efficient conduct of the Government; and

"(6) to eliminate overlapping and duplication of effort."

"(b) The Congress declares that the public interest demands the carrying out of the purposes specified in subsection (a) and that such purposes may be accomplished in great measure by proceeding under the provisions of this act, and can be accomplished more speedily thereby than by the enactment of specific legislation.

"(c) It is the expectation of the Congress that the transfers, consolidations, coordinations, and abolitions under this act shall accomplish an over-all reduction of at least 25 percent in the administrative costs of the agency or agencies affected."

It is the opinion of the undersigned that said plan will not accomplish economy or efficiency but, on the other hand, that it will require much larger appropriations and be less efficient, as has been demonstrated by the National Housing Agency, which is in effect continued by this plan under another name.

4. The Reorganization Act of 1945 in section 5 expressly prohibits the continuance of temporary war agencies and prohibits the creation of new functions by such reorganization plan. Section 5 is as follows:

"Sec. 5. (a) No reorganization plan shall provide for, and no reorganization under this act shall have the effect of—

"(1) abolishing or transferring an executive department or all the functions thereof

or establishing any new executive department; or

"(2) changing the name of any executive department or the title of its head, or designating any agency as "Department" or its head as "Secretary"; or

"(3) continuing any agency beyond the period authorized by law for its existence or beyond the time when it would have terminated if the reorganization had not been made; or

"(4) continuing any function beyond the period authorized by law for its exercise, or beyond the time when it would have terminated if the reorganization had not been made, or beyond the time when the agency in which it was vested before the reorganization would have terminated if the reorganization had not been made; or

"(5) authorizing any agency to exercise any function which is not expressly authorized by law at the time the plan is transmitted to the Congress; or

"(6) imposing, in connection with the exercise of any quasi-judicial or quasi-legislative function possessed by an independent agency, any greater limitation upon the exercise of independent judgment and discretion, to the full extent authorized by law, in the carrying out of such function, than existed with respect to the exercise of such function by the agency in which it was vested prior to the taking effect of such reorganization; except that this prohibition shall not prevent the abolition of any such function; or

"(7) increasing the term of any office beyond that provided by law for such office."

This plan in effect continues the National Housing Agency under a new name and it appears to be the purpose to continue certain functions requiring very large appropriations which have been developed by this organization.

5. The Reorganization Act of 1945 expressly prohibits any restriction upon the exercise of discretion or quasi-legislative or quasi-judicial functions created by Congress. This plan abolishes the five-man Federal Home Loan Bank Board as created by Congress and provides a new type of board of three members, vesting extraordinary powers in the chairman, thereby diluting discretion and consideration intended by Congress to be given to important quasi-legislative and quasi-judicial functions.

6. It is objectionable in the view of the undersigned to create one centralized Housing and Home Finance Agency under one man in Washington, with jurisdiction over the public-housing functions of the Government and the facilities provided by the Government to encourage and assist private thrift and home ownership. These diverse functions should be dealt with separately and upon their respective merits and demerits.

Finally, the Congress now has under consideration with legislation in H. R. 3492 and S. 1459 to transfer certain public and war housing activities from the Federal Public Housing Authority, which is involved in this reorganization plan, to the Federal Works Agency. S. 1179, by Mr. BRICKER, provides for a form of organization of the private housing agencies with a provision for a coordinating council. Furthermore, the Congress has recently passed a resolution creating a 12-man Commission to be appointed by the President, the Speaker of the House, and the President of the Senate from Government and private life to study the organization of the executive branch of the Government and report, and this proposed reorganization should be deferred until that report is made.

For these and other reasons, we believe that the disaffirming resolution should be adopted.

Mr. CAIN. Mr. President, in view of the fact that the hour is exceedingly late, and for the further reason that all Senators have a great deal to do, and also

because I take it for granted that most of the Senators, having lived through a reorganization attempt, however abortive it was, a year ago, are probably very well convinced of what they want to do on this issue. I, on behalf of those who, as strenuously as they can, oppose the plan and program of the President, relinquish whatever portion of our 2 hours may remain, in the hope that thereby the matter might be brought to a more speedy conclusion.

I should like merely to restate four reasons which constitute our opposition to the President's proposed program:

First. I say again that on the basis of the studies which we have given to housing operations generally with particular reference to the Federal Public Housing Authority, we know of no single reason for believing that any economies would result from the groupings of constituent agencies in the manner proposed.

Second. We oppose the program for a most important reason, in the view of those who are in opposition, namely, it makes permanent that which had been a war-born experiment, an experiment in housing, which, with many virtues, also possessed numerous vices, and for which we shall be paying for a good many years to come. There should be a better way to retain the good parts of what we learned in the war, by discarding the bad. It is our considered opinion that the President's reorganization program merely makes permanent what has been temporary. We further think that his proposal violates certainly the spirit if not the letter of certain congressional directives which have been imposed upon boards of directors of various home building and financing institutions in the years gone by.

Third. We have a certain degree of faith in the coming results, to ensue from the studies to be made by the recently created Presidential commission of 12 men, to inquire into the executive abilities of the many Federal agencies, and the resolution submitted by the junior Senator from Wisconsin, proposing a national study of current housing shortages and the ineffectiveness of present programs.

Fourth. We oppose the plan because in itself it will produce no houses, although houses are what we principally desire at this time. I hope that many people will agree that an issue of this character will focus emphatic attention on the need for further consideration of what the President proposed last year, a proposal which was not adopted, that we shall take all the time that may be required to determine how to balance properly the delicate mechanism of housing as it exists today, through the governmental agencies. I am satisfied that the President's proposal does not approach a solution to the problem.

The PRESIDENT pro tempore. The Chair understands that the Senator surrenders the remainder of his time.

Mr. CAIN. The Chair's understanding is correct.

The PRESIDENT pro tempore. The Senator from Vermont has 60 minutes remaining.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LUCAS. May I inquire how much time was turned back by the opponents of the plan?

The PRESIDENT pro tempore. Fifty-seven minutes. It would be the understanding of the Chair that that time was canceled.

Mr. FLANDERS. Mr. President, I regret I did not understand the statement of the Chair.

The PRESIDENT pro tempore. The Senator from Vermont has 60 minutes remaining to his side.

Mr. FLANDERS. The opponents of the plan have how many minutes remaining?

The PRESIDENT pro tempore. The other side has turned back its remaining time and canceled it.

Mr. FLANDERS. I thank the Chair. I understand that.

The PRESIDENT pro tempore. In other words, the Senate will vote at 4:20, if the Senator uses all his time.

Mr. FLANDERS. I yield the floor to the Senator from Kentucky [Mr. BARKLEY].

Mr. BARKLEY. Mr. President, let me ask the Chair whether, if quorum calls are suggested in the meantime, the time consumed in the quorum calls is to be deducted from my time?

The PRESIDENT pro tempore. It is.

Mr. BARKLEY. I thought, when a certain amount of time was allotted to each side, it was exclusive of quorum calls. However, it makes no difference to me, since I am not going to suggest the absence of a quorum.

Mr. LUCAS. I should like to make the suggestion.

The PRESIDENT pro tempore. Quorum calls are, under the agreement, charged to both sides, when each has time available.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Illinois.

Mr. LUCAS. I ask unanimous consent that a quorum call may be had, before the Senator from Kentucky proceeds with his remarks, and that no time be charged to the proponents of the plan by reason thereof.

The PRESIDENT pro tempore. The Chair supposes the Senate can do anything it pleases, by unanimous consent; but what the Senator from Illinois asks is a departure from the procedure under which such proceedings are conducted.

Mr. LUCAS. I appreciate that, but it has been done many times, let me say to the able Presiding Officer, on occasions of this sort.

The PRESIDENT pro tempore. It has never been done, if the Chair may be permitted to disagree with the Senator, when a reorganization plan was under consideration.

Mr. LUCAS. I do not know what has occurred in the case of reorganization plans, but unanimous-consent agreements have been entered into at least a thousand times since I have been in the Senate. It makes no difference whether it be a reorganization plan or anything else, if there is a unanimous-consent agreement, what I have suggested may be done.

The PRESIDENT pro tempore. The Senator is probably correct that the Senate can do anything it pleases by unanimous consent. The Chair would like to repeat, however, that this is a statutory procedure, and, under statutory procedures, the procedure proposed by the Senator has not been followed. Is there objection to the request of the Senator from Illinois?

Mr. CAIN. Mr. President, reserving the right to object, I should like to make an inquiry.

Mr. BARKLEY. Mr. President, out of whose time is this colloquy being taken?

The PRESIDENT pro tempore. The time is taken out of the time of the Senator who yields the floor to the Senator from Washington.

Mr. CAIN. Mr. President, there is no other recourse than to object.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BARKLEY. The Senator from Washington having yielded back 57 minutes, if a quorum call is indulged in is the time taken out by such quorum call to be divided equally, as the Chair indicated a moment ago?

The PRESIDENT pro tempore. Not without the consent of the Senator from Washington.

Mr. BARKLEY. In other words, neither the Chair nor the Senate, nor anyone else can reclaim any of that 57 minutes of time except by the consent of the Senator who surrendered it?

The PRESIDENT pro tempore. That is correct.

Mr. BARKLEY. That, to me, is an unusual situation. My interpretation is that a statutory requirement for debate presents no different situation from that created when there is unanimous consent agreement for debate on any proposition for a certain length of time, the time to be divided. Heretofore, under such conditions, a quorum call has never been taken out of the time allotted. But it makes no difference to me. I shall proceed and take whatever time I am allotted by the Senator from Vermont, regardless of the quorum call.

Mr. LUCAS. If the Senator will yield to me, I shall renew my unanimous consent request, because I think the Senate is entitled to hear the minority leader on the pending question.

Mr. BARKLEY. If the request is made on that basis I will not yield for the purpose of having a quorum call.

Mr. LUCAS. I will place the request on any other basis, if the Senator does not like the reason I assign. I make that unanimous-consent request.

The PRESIDENT pro tempore. Does the Senator from Kentucky yield for that purpose?

Mr. BARKLEY. No, Mr. President; I shall proceed, because I am satisfied that the time taken for a quorum call will be taken out of my time, and not divided, as the Chair previously indicated it would.

Mr. President, I shall not take very much of the Senate's time in discussing the pending matter. I wish, however, to register one or two or three reasons why I think the Reorganization Plan No. 3 should be adopted. For a long

time we have been expostulating in the Senate and throughout the country about economy and efficiency. Prior to the adoption of reorganization legislation we all seemed to be in favor of it. We are all in favor of the consolidation of departments and agencies for efficiency purposes and for economy purposes if economies can be worked out. But strange to say, when, operating under such a law and carrying out the mandate of Congress, the President of the United States sends a reorganization plan to us, we get our spy glasses, our lenses, to see if we can find some reason which would justify us in rejecting the plan.

The reorganization law under which the President has sent in the plan was not the outgrowth of the war particularly. Ever since I have been a Member of the Senate, and even before, we have talked about reorganizing the Government, we have talked about agencies and departments growing up like Topsy, scattered all over Washington. We passed a reorganization bill in 1939. We created a special reorganization committee, of which the former Senator, former Supreme Court Justice, and former Secretary of State, Mr. Byrnes, was the chairman. I happened to be a member of that committee. We brought in a reorganization plan, in a limited way, which authorized the President for a temporary period to bring about the consolidation of various departments and agencies, and he submitted two or three plans under that temporary law.

The housing agencies were not necessarily a creation of the war. We established the Home Owners' Loan Corporation in order to preserve, or to put the Government of the United States at the service of those who desired to preserve their homes. Some of those who are opposing this very plan opposed the Home Owners' Loan Corporation, although they were being bailed out by the Government of the United States. They wanted to control the bailing process. They were willing to accept whatever assistance the Government would render to them, but if it was to render any assistance to the individual home owner they preferred themselves to control the method by which such assistance was to be given.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. MAYBANK. I desire to call the Senator's attention to the fact that, in addition to being the means of bailing various persons out in the manner referred by the Senator from Kentucky, the Federal Government itself in many instances paid the very taxes which were due on properties to the communities and to the States. When the Corporation was first organized, back in the 1930's, I had considerable experience with various home-loan agencies, or whatever they might be designated, and I may say that many municipalities throughout America, as well as many States, accepted Government bonds which were given in connection with this bailing-out process, although they were selling at only \$80 or \$90, in payment of taxes. There were

many houses being foreclosed during that period.

Mr. BARKLEY. The Senator is correct. I thank him for reminding me of that matter. The Corporation was established in order to preserve an atmosphere of home ownership at a time when homes were being foreclosed at the rate of 1,000,000 a year, at a time when, because of the economic conditions, hundreds of thousands of families were on the verge of being put out in the streets under the foreclosure of mortgages which could not be paid, nor could the interest on the mortgages be paid, nor could the taxes be paid on the property.

Mr. MAYBANK. Mr. President, will the Senator again yield?

Mr. BARKLEY. I yield.

Mr. MAYBANK. The only thought I wished to express was that not only were foreclosures being made by banks and individual mortgage holders, but in many instances the States and political subdivisions thereof, the townships, the counties, and the cities themselves were foreclosing on many properties, not because they desired to do so, but because it was obligatory upon them to do so under the law by reason of the fact that taxes were not paid. Tax sales appeared on page after page of the newspapers during that period.

Mr. BARKLEY. The home owners were the victims of an economic situation which they themselves could not remedy, and were being approached from all directions by everyone who had a mortgage or by various divisions of government, whether it was the State or the city or the county, to which taxes were owing but not paid. In that circumstance, the Federal Government, through the Home Owners' Loan Corporation, undertook to make it possible for homes to be preserved in the ownership of their occupants, and the Government created at the same time, or a little before, the Federal Home Loan Bank, under which the building and loan associations of the United States, which, I am glad to say, had rendered a great service in the past, were to be coordinated.

Then after that the Federal Housing Administration, which was not a Government housing project, was created. The Government of the United States put no money into the Federal Housing Administration, except for administrative purposes, and even then it paid itself out and it never cost the Government anything. The Government guaranteed the bonds which were accepted in payment of mortgages by banks and other lending agencies in order that private capital might be invested in homes throughout the United States.

Mr. MAYBANK. Mr. President, will the Senator further yield?

Mr. BARKLEY. I yield.

Mr. MAYBANK. The Senator is eminently correct. I feel as he does with respect to the private building industry. My mind goes back to 1932 and 1933. In many instances in those days not only were mortgages on homes being foreclosed, but I know of many instances in which water had been turned off because of nonpayment of water bills. That was

done pursuant to law. In those depression years there was nothing left for the public service commissions of the various cities and communities to do, under the law. I cannot say too much for the generosity of the Federal Government toward various private real-estate concerns, as well as many individuals, and the mortgagees themselves.

Mr. BARKLEY. Undoubtedly. I certainly remember the tragic conditions which existed in 1931, 1932, 1933, and 1934. The situation was desperate. It was not one which the Federal Government had created. It was the result of the economic depression, which was not only Nation-wide, but world-wide. It was to the interest of real-estate operators, builders, and mortgagees of real estate that the Government of the United States do exactly what it did. It was not only in the interest of the home owner, but in the interest of the mortgagee and in the interest of those who had invested their money in homes for the benefit of the people. The Federal Government did the only thing that could have been done. No one else was qualified to do it. The banking system had collapsed, and there was no agency except the Government of the United States which could come to the relief of the American home owner.

It is a strange circumstance that some of those who now oppose consolidation of the housing agencies in order that they may be coordinated actually opposed what was done in the trying days of 1932, 1933, and 1934.

Mr. MAYBANK. The Senator is correct. I remember the experience of those days. If one goes back to the records of 1932 and 1933, he will find that most of the mortgages which the Government took over in those days were taken from the banks themselves, which transferred real-estate mortgages so that they might obtain cash and become liquid.

Mr. BARKLEY. Undoubtedly that is true. It was a case of—

The devil was sick—the devil a monk would be;

The devil was well—the devil a monk was he.

We are now faced with the same situation. Undoubtedly the war accentuated this condition. It resulted in the creation of other agencies, with which we are all familiar.

We all recall also that there were so many agencies scattered around Washington and over the country that no one anywhere in the United States who wanted to obtain exact information about a housing property knew where to go to get the information, or to get the last word as to what his rights or opportunities might be.

Mr. MAYBANK. I must say that the situation is not much different today.

Mr. BARKLEY. No.

Mr. MAYBANK. That is the primary reason why I hope that this reorganization plan will be adopted. At least, we shall have a central agency, under central control, where we can find out what is going on. We may like it, or we may not. Time will give us an opportunity to change the plan if we do not like it.

Mr. BARKLEY. Mr. President, one of the grounds of objection to the reorganization plan which we are now considering is that it results in no economies. That is a speculative objection. I do not suppose it can be said categorically that in the first year a very great amount of money would be saved, although I believe that in the long run at least \$1,000,000 to \$2,000,000 a year would be saved. Even in these days that is not something to be laughed off. However, there would be a saving so far as concerns the convenience of the people who must deal with these agencies. There would be a saving in the convenience of United States Senators and Members of the House of Representatives, who act as go betweens between their constituents and the agencies in Washington. The people generally do not know anyone in Washington except their Senator or their Representative. Whenever they have a problem to bring to the attention of some governmental agency the natural and proper thing to do is to take it up with their Senator or Representative. If we consider only our own convenience, our own time, our own knowledge, and our own efficiency in representing our constituents, it would be well worth while to establish a consolidated, coordinated housing agency, to see what the result would be.

I am not able to predict, and I presume no one is able to predict with certainty, how much actual saving in money would result from the consolidation of these agencies. But in the long run, even though a saving were not effected in the first year, it would be bound to bring about a substantial saving in the administrative costs of operating whatever housing activity the Government of the United States may undertake.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. MAYBANK. If I may digress a moment, the Congress has passed a unification bill for the armed services. No one knows what it will save during the first few years. The testimony before the committee was to the effect that it might not save much the first year, but at least it was a unification; and in the years to come it may save a great deal. Likewise the housing reorganization plan is a beginning. It is a unification. At first the saving may be small; but ultimately there will be a saving not only in money, but, as the Senator has so aptly stated, a saving in time and in the efforts of the people to find out the facts as to where they should go.

Mr. BARKLEY. I thank the Senator. What he says is undoubtedly true.

Another objection which has been raised to the reorganization plan is that it makes permanent temporary powers and functions, in violation of the Reorganization Act. I have been unable to find anything in the reorganization plan, reading it alongside the Reorganization Act itself, which is inconsistent with the act. There is nothing that I have been able to find in the plan which undertakes to make permanent temporary powers in violation of that act. Of course, the act itself was couched in broad terms. It had to be couched in broad terms. It had to be of a general nature.

The plan certainly would not perpetuate any of the temporary powers which ought to be temporary and are temporary, and were intended to be temporary so far as the Reorganization Act itself was concerned.

Another objection is raised to the plan on the ground that it places arbitrary control in the hands of the proposed Administrator under the reorganization plan. Some of us recall the reorganization plan which came before us in 1946, and which was rejected by the Congress. That plan proposed to give to the Administrator specific power to supervise, direct, and control. I think those were the precise words. The Senator from Vermont [Mr. FLANDERS] will correct me if I am mistaken. I am speaking from memory.

Mr. FLANDERS. Those are the words.

Mr. BARKLEY. The words were "supervise, direct, and control." Largely because of the power proposed to be lodged in the hands of the Administrator, Congress, not being willing to go that far, rejected the plan.

Having in mind the previous action of Congress, the President has not followed that course in connection with the present reorganization plan. The Administrator is authorized to have general supervision of policy and to coordinate, by which I presume it is meant that he is to bring the various agencies into closer relationship. But they are still left independent in their respective fields, insofar as independence may be necessary, in order that they may function economically and efficiently in the field which they occupy. Certainly there can be no valid objection, as I see it, to the coordination of the functions of all these agencies which are taken under one roof with respect to housing. Not only should there be no objection to the plan, but it ought to be welcomed by the Senate, by the House of Representatives, and by the people of the United States. I have every belief that in the long run it will work for economy and efficiency; it will work for a more harmonious housing program in the United States, whether it be under the Home Owners' Loan Corporation, which is gradually being liquidated, or under the Federal Housing Administration, which is still a private-enterprise program. All the money which has gone into it and which will go into it is private capital which has been profitable to the American people, and even to the American Government. It is one of the few agencies which has declared a dividend and turned money back into the Treasury of the United States.

So, Mr. President, there is no fear on my part, and I do not think there is or ought to be any valid fear on the part of anyone that this plan would set up a sort of housing dictatorship, an arbitrary czar over the housing agencies established by the United States Government, whether they are in any way related to the private construction of homes, to the lending of money, or to the guarantee of money loaned by private institutions to home-owners and home-builders.

An objection has been raised that this plan would put Federal public housing,

such as may remain, under the same housing organization with private housing institutions. Why not? There ought not to be any competition, certainly among Government agencies. There ought not to be any rivalry between them. There should be no incentive for one agency, which is trying to help the American people, to go beyond its legitimate authority in order to take away authority from some other agency under Government supervision. There is nothing which leads or tends toward inefficiency, chaos, or confusion more than does competitive action between Government agencies dealing with the same general subject. This plan is undertaken with the view of trying to consolidate and coordinate all these agencies.

So, Mr. President, taking into consideration every phase of the problem, taking into consideration the history of housing legislation in the United States, beginning in the early 1930's and coming on down to the war, in the war, and since the war, there ought not to be any fear, doubt, or hesitation on our part, it seems to me, to bring these agencies and activities under one roof, under one general administrator who has supervisory or coordinating power, leaving each constituent part sufficiently independent to act within its own field without arbitrary control on the part of anyone. It seems to me that is something which the Government of the United States ought to look to, not only in the housing field, but in as many other fields as possible.

So I am in favor of this plan; Reorganization No. 3. I hope it will be adopted. I think it is very vital from the standpoint of economy and efficiency, and from the standpoint of the psychological effect it may have upon the American people and upon the Congress. If we continue to reject the plans sent here in good faith by the President—I am not talking about President Truman or President Roosevelt, I am talking about any President who seeks to bring about economy and efficiency—if we continue to reject these plans because of some petty difference of opinion, or because of the activity of some group which has a selfish interest in the defeat of the plan, the time will come when we may not have hope of obtaining any sort of coordination or of efficiency in the operation of the Government of the United States.

So, Mr. President, I hope that this plan will be adopted. I believe it will have a successful operation, subject to any change which experience may bring about. I have no doubt that there are weaknesses in the plan. I have no doubt that if any one of us had been writing it we might have provided some differences in it. We should try the plan. It is a process of trial and error. That is true of all legislation. We hope to profit by experience. Until we have tried it, we cannot know with any degree of certainty what this plan will accomplish. If it turns out to be not so good as we hope it is, there is always the possibility of change. Let us give it a trial. Let us put these agencies under one roof. Let us have a general supervisor. In the long run, I believe it will satisfy the American people and convince the Congress that it can take a chance on these efforts to

bring about efficiency and economy in the administration not only of all Government agencies, but particularly in this field which is so important and so essential to the life of the American people.

I reiterate what I have before said, that we ought to be interested in every American having a stake in the American economy. The greatest stake is the ownership of a home, around whose fireside a man and his wife and children may gather to discuss the problems of the day and of the age in which they live. It is one of the most vital points at which our economy touches the American people. Let us not for any petty reason or for any individual objection to something that may be contained in the plan, reject it when it holds out such a hope, in my judgment, ultimately for the American home-owner, the American real estate dealer, and all the agencies dealing with the building and preservation of homes in this country.

Mr. FLANDERS. Mr. President, I yield 3 minutes to the Senator from Pennsylvania [Mr. MYERS].

Mr. MYERS. Mr. President, in view of the housing shortage which exists today, I find it difficult to understand the reasoning behind the opposition to the housing reorganization plan which is now before the Senate.

It would seem to me to be merely a matter of good business sense as well as good governmental sense that the various complex programs of Federal assistance to housing should operate on a coordinated basis with a common purpose and a common basic policy of maximum assistance in helping overcome the housing shortage. It would seem to be to be just the opposite of good business sense or good governmental sense to allow these various housing programs to be scattered and to operate helter skelter.

As long as I have been a Member of this Congress, and I am sure that as long as any other Senator has been a Member, businessmen and taxpayers have pleaded for simplifying and streamlining the Government. It is they more than any other group who have argued for streamlining, for efficiency, for economy, for uniform and consistent Government policy, for the elimination of conflicting practices, and for simplifying lines of contact between business and the Government.

I strongly sympathize with that point of view. I believe it to be a sound position under any circumstances, but in my opinion, it is particularly appropriate in the field of housing where there is a crying need today and for years to come for maximum coordination in the dealings of the Federal Government with the builders, the lending institutions, and the communities which are grappling with the housing shortage.

I am a firm believer in the FHA program. I think the Federal Home Loan Bank System has demonstrated its importance and value in the field of home finance. I believe the public-housing program has made a pioneering contribution to the relief of the problem of the slums and of low-income families who

cannot afford decent shelter. But I do not believe any of these programs should operate in a vacuum. I think each of them, important as they are in their own right, should be in balance with each other and should proceed with a common sense of direction rather than at cross purposes.

That is precisely what Reorganization Plan No. 3 would make possible. Under this plan these agencies would continue to exercise full responsibility for their day-to-day operations. But there would also be adequate machinery, through the Administrator of the House and Home Finance Agency, for general supervision and coordination of their functions. In short, this plan would make possible a balanced housing program, without overlapping or duplication and without interagency bickering and disputes.

If anyone will take the time to examine the record of the Federal Government's housing activities since the early thirties he will find that record full of complaints against the very lack of coordination which this reorganization plan would correct. The various trade and business organizations in the housing field were particularly vehement in their criticism of the administrative confusion in housing and of the difficulties of trying to do business with a maze of uncoordinated Federal agencies dealing with various aspects of housing. Their publications and their testimony before various congressional committees in the last thirties and early forties are filled with their complaints against that situation and with their expressions of satisfaction with the temporary consolidation of the housing agencies into the National Housing Agency during the war.

Most of these trade organizations have now changed their position and are opposing Reorganization Plan No. 3 in favor of returning to the prewar situation in housing. I cannot say what has led them to change their minds, although I have heard it frequently stated that this all stems from their opposition to public housing. Of course, the decision as to how much more public housing to authorize, if any, will be made by the Congress and not by the head of any agency. Furthermore, as a matter of simple common sense, I would much prefer to see public housing administered in a housing agency where all the considerations pro and con would receive full weight than to have it placed in an unrelated agency where other considerations would be controlling.

Neither can I cite any evidence as to how accurately the opposition of these organizations to Plan No. 3 reflects the true and considered views of the rank and file of businessmen in the housing field. In this connection I was struck by a letter to the Senator from New Mexico [Mr. HATCH] from Mr. Ben H. Wooten, chairman of the board of the Federal Home Loan Bank of Little Rock, Ark., which is printed in the hearings of the Banking and Currency Committee on Plan No. 3. I understand that Mr. Wooten is a highly respected businessman and banker in the Southwest. His views

impress me as so sensible that I should like to read this brief letter to the Senate:

DEAR SENATOR HATCH: I am hopeful that you have had time to study the President's Reorganization Plan No. 3, which deals with housing and home-financing agencies of the Government. We believe it to be good. Certainly the Home Loan Bank Board should be reestablished, and beyond any doubt the housing efforts of the Government should be coordinated and a national policy formulated.

You will recall, I am sure, the differences of opinion between the various housing agencies and the conflict of views and programs that have retarded construction not only for veterans but for others. The Government has a tremendous liability in its guaranty on FHA insured mortgages, insurance of shares of savings and loan associations and guaranteed GI loans. Before another 5 years have elapsed, it is easy to believe that the Government's total guaranty will run \$50,000,000,000 and the mishandling of any phases of the housing program will affect all the agencies. Therefore, I am strongly in favor of the coordinated plan as set out in the order.

I understand that a vicious attack is being made by two or three trade organizations on the theory that the order tends toward socialized housing. A careful reading of the order will not bear this out, and it will be noted that the Housing and Home Financing Administrator will be responsible for the general supervision and coordination of functions of the various agencies. The order does not give him authority to issue directives and the term "supervision" limits him to seeing that laws governing these agencies are complied with.

The Government should supervise and coordinate the efforts of the agencies for which it is responsible on guaranties. Any sound business operation demands that there be an over-all policy where the activities of the various agencies deal with the same subject. By no stretch of the imagination can the order be justly termed a "public-housing program." It is a common-sense business approach to what is now a confused condition in the various housing agencies.

If hearings are held on the order, it is possible that I would like to appear before the committee.

With warm personal regards and best wishes, I am,

Sincerely yours,

BEN H. WOOTEN.

In conclusion, Mr. President, I believe that Plan No. 3 represents a businesslike solution to the problem of housing reorganization, and I trust that it will be supported by the Senate.

The PRESIDENT pro tempore. The time of the Senator from Pennsylvania has expired.

Mr. FLANDERS. Mr. President—

The PRESIDENT pro tempore. The Senator from Vermont is recognized.

Mr. FLANDERS. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Clerk will call the roll.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BARKLEY. From whose time will the time for the quorum call be taken?

The PRESIDENT pro tempore. It will be taken from the time of the Senator from Vermont.

Mr. FLANDERS. I expect it to be taken out of my time.

The PRESIDENT pro tempore. The absence of a quorum having been suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Murray
Baldwin	Hawkes	Myers
Ball	Hayden	O'Connor
Barkley	Hickenlooper	O'Daniel
Brewster	Hill	O'Mahoney
Bricker	Hoey	Overton
Bridges	Holland	Pepper
Brooks	Ives	Reed
Buck	Jenner	Revercomb
Bushfield	Johnson, Colo.	Robertson, Va.
Butler	Johnston, S. C.	Russell
Byrd	Kem	Saltonstall
Cain	Kilgore	Smith
Capehart	Knowland	Sparkman
Capper	Langer	Stewart
Chavez	Lodge	Taft
Connally	Lucas	Taylor
Cooper	McCarran	Thomas, Okla.
Cordon	McCarthy	Thomas, Utah
Donnell	McClellan	Thye
Downey	McFarland	Tydings
Dworshak	McGrath	Umstead
Eastland	McKellar	Vandenberg
Ecton	McMahon	Watkins
Ellender	Magnuson	Wherry
Ferguson	Malone	White
Flanders	Martin	Wiley
Fulbright	Maybank	Williams
George	Millikin	Wilson
Green	Moore	Young
Gurney	Morse	

The PRESIDENT pro tempore. Ninety-two Senators having answered to their names, a quorum is present.

Several Senators addressed the Chair.

The PRESIDENT pro tempore. The Senator from Vermont has the floor. Does he yield; and if so, to whom?

Mr. FLANDERS. I yield to the Senator from Ohio.

The PRESIDENT pro tempore. Does the Senator yield the balance of the time to the Senator from Ohio?

Mr. FLANDERS. I do.

The PRESIDENT pro tempore. The Senator from Ohio is recognized.

Mr. TAFT. Mr. President, since I came to the Senate, 8 years ago, I have been intensely interested in trying in some way to develop an over-all Government housing policy. There is no question that is more important to the people of the United States than the development of a housing policy. Not only does it affect their comfort, but it affects the construction industry and the prosperity of the whole country.

When I came to the Senate, there were approximately 15 agencies of the Government involved in housing. At the time when I campaigned for the Senate, and ever since, I cited it as one of the worst examples of confusion which exists in the entire governmental structure.

Of those 15 agencies, today there are three main agencies. There is the Federal Home Loan Bank System, which finances the building of savings and loan associations, which today furnish approximately 35 percent of all the mortgages on new homes in the United States. There is the FHA, in which the Government insures loans on housing. The Government today, through the FHA, is really in the housing business. The third agency is that which supports public low-rent subsidized housing. Those three agencies dominate all the others. There are many others, however.

The Public Works Agency, as well as the War Department and Navy Depart-

ment and the Department of Agriculture, undertook housing, and there were all the Tugwell housing plans. We experimented in every field. Under the war powers, most of these agencies were consolidated in the National Housing Agency. In my opinion they should be in a National Housing Agency.

Under the proposed plan these three main functions, and a number of others which are being liquidated, which have been consolidated with them, are under a new Administrator of Housing and Home Finance.

If we do not approve this plan, the war consolidation will come to an end with the end of the war, and the agencies will fall to pieces. The FHA will become an independent agency, the head of it responsible to nobody except the President of the United States. The Federal Home Loan Bank Board will become an independent agency, responsible to nobody but the President of the United States. The Public Housing Authority will go back to the Federal Works Agency. The War Department and the Navy Department will get back their various housing projects. I do not know what will become of the Farm Security Administration. Then there were the various "Green" towns which were constructed under the original Tugwell administration.

I feel very strongly that we should put all housing agencies into one administration. We have had put upon us one after the other of these various plans of housing, and their advocates have been strong. The advocates of one plan have fought the advocates of another. The result has been that before the war, each of them tried to expand its importance, and spend all the money it could in order to build up itself.

Of course the President of the United States never had time to coordinate the three large ones and half a dozen small ones, so that for all practical purposes they went their own way and developed their own policies.

When I first came to the Senate I tried to persuade the Senate to order a general investigation of the housing program, and finally such an investigation was obtained, and was proceeded with under the Special Committee on Post-war Economic Policy and Planning, headed by the Senator from Georgia [Mr. GEORGE]. There was a subcommittee composed of the then Senator from Maryland, Mr. Radcliffe, the Senator from Delaware [Mr. BUCK], the Senator from Louisiana [Mr. ELLENDER], the Senator from New Mexico [Mr. CHAVEZ], the then Senator from Wisconsin, Mr. La Follette, and myself, and in our report we developed a plan for consolidation. That report, which was submitted on August 1, 1945, provided specifically for the organization of a Federal agency. We said in the report:

The first requirement for the postwar establishment, therefore, is that it be sensitive to rapid changes in the economy and flexible in its adjustment to new demands. In order to achieve such adaptability, it is essential that all the housing activities of the Government be subject to a common policy and, to assure the consistent execution of that policy, that the agencies operate under some form of unification.

Mr. President, that was the recommendation of the committee at that time. It was the recommendation of the Committee on Banking and Currency when it recommended a general housing bill last year, and it was the recommendation of the Committee on Banking and Currency this year when it recommended a general housing bill.

In submitting the plan which is now before the Senate, the President does no more than follow what has been already suggested by committees of Congress, and particularly committees of the Senate.

Last week we spent some time in an effort to unify the armed forces, through the medium of a unification bill, because in reality the two departments involved dealt with one subject, and because in determining the defense policy, we wanted one man to head up all opinions into one thought and one policy. We wanted to have a man who was not the President himself—who, after all, has not the time to coordinate the thinking of a number of others. So in this case we want a national-housing administrator who can develop a housing policy and take it to the President of the United States. I think that in housing we are doing, in a somewhat smaller field, although almost as complicated a field, exactly what we did in passing the unification bill.

The principal objection to the consolidation—and we heard it all through the committee hearings—is that the so-called private agencies, the private builders, the real-estate boards, do not want to have the FHA and the Federal home loan bank combined with the Federal Public Housing Authority. They have felt that if those were put together the head man would be a public houser, and for some time there was perhaps some justification for that idea. But certainly President Truman has shown that it need not be true under his administration, for when the last National Housing Administration resigned the President appointed the man who had been head of the Federal Housing Administration Insurance Agency, which is to a large extent the representative of the private builders of homes in the United States. Mr. Foley has not been in that position very long, and has not had time to correct the things which should be corrected, but the President has certainly shown that, so far as he is concerned, he is just as likely to appoint a man with a previous private housing experience as a man with a previous public housing experience. In any event, my own opinion is that the man who has the job of coordinating policy will look at all phases of the situation.

No one can help realizing that today, regardless of how important we may think public housing is, the construction of even 125,000 homes a year, which is the largest number anyone has proposed in the way of public housing, is only a small fraction of what should be built in the way of private houses, and that the real problem is primarily a private housing problem. Any man who is broad enough to look at the whole housing policy is bound to take that position. The idea that the Administrator is going to play down FHA or play down the Fed-

eral home-loan banks seems to me to be utterly fantastic. I can see no reason why the activities should not be combined.

Incidentally, the private builders are not very reasonable, because they say, "We do not want the Government in the housing business," but they invite the Government into the housing business. Under the FHA, and under the pressure of private builders, the Government today is actually lending builders 90 percent of the cost of the construction of houses, not the man who ultimately buys the house, but the Government is lending the builder 90 percent, so that he does not have to put in one cent of his own money. The FHA program today is financed practically 100 percent by the Government of the United States, so far as the cost of building is concerned. There is about as much public housing as the subsidized housing of the United States Housing Authority. The private builders want the Government to help them, they want the Government to relieve them of the necessity of providing capital, but they oppose public housing. They oppose the consolidation of the housing agencies which help them, with the other housing agencies of the Government, which are administering public housing previously authorized. Today there is no public housing authorized, and there is no construction. There is no work that can be done by the Federal Public Housing Authority unless Congress specifically grants money with which they may build houses or may subsidize housing throughout the United States; so there is no public housing today.

The idea that the head of this agency is going to favor the Public Housing Authority over the other agencies which are rendering most of the assistance to the construction of building today seems to me to be completely untenable.

There has been a complaint that the Administrator will oppose the FHA and the Federal Home Loan Bank System. I think that fear also is groundless. He is supposed to supervise and coordinate. I take it that means that if they develop a policy which is in conflict with other housing policies of the Government, he may check that policy. He has a kind of veto power. He has not, as he had last year, the power and authority to step in and really take over the management of these particular agencies. They are created under statute. The statutes define very closely what they may do. There is a certain latitude. His job is to see that the policies are coordinated, and that, when they are added together, there is a consistent and a progressive housing policy for the Federal Government.

Last year I opposed the plan because after we had struggled over certain words, and used the words in our bill "supervise and coordinate the administration," without consulting anybody, it was proposed to bestow power on the new Administrator to direct and, in substance, to substitute himself for the man who headed the three lower agencies. That has been corrected; and he is now to have the same functions which were pro-

posed by the original committee and the power to supervise and coordinate the various agencies of the Federal Government.

I may say the plan goes still further. Certain agencies are not consolidated. I think perhaps it might be better if they were. But in order that the policies may be coordinated there is created a National Housing Council, which is composed of this new man—the over-all policy man, as he might be called—the head of each of the three constituent agencies, and three others. The first is the Administrator of Veterans' Affairs. The Veterans' Administration today plays a large part in the building program, and we cannot very well take away from the Veterans' Administration the housing functions they exercise for the benefit of veterans; and they are merely required to have a representative sit on the Council, with the regular housing officials.

The second is the Chairman of the Board of Directors of RFC. The functions of the RFC have now been restricted to buying mortgages guaranteed by the Veterans' Administration, and, through the Federal National Mortgage Association, to help buy other mortgages which may be guaranteed by the FHA.

The third is Secretary of Agriculture. There is hardly a housing policy in the rural districts. There should be. There are certain vestiges of a suggested policy, and it was thought desirable that he should also sit on this over-all National Housing Council.

So the various agencies have representation on the Council, and all the active housing agencies, except the Veterans' Administration, are placed under one man, whose job it is to develop the national housing policy and to recommend to the Congress what the national housing policy should be.

I regret that at this session of the Congress we have not, ourselves, developed a definite policy. I think it should be realized that so far as financing is concerned, these agencies have almost unlimited power to finance any houses. We have not undertaken to discuss the question of renewing the public housing policy. That is, we have not discussed it here in the Senate, itself, nor have we dealt with the question of urban development; both of which I think are essential, and which next year should be one of the main considerations of this body. But in order to do that we should have the executive department's recommendations of a single housing policy, not a dozen housing policies; not a dozen requests for money, considered independently, but a single housing policy. I feel perfectly confident that if we do have that we can save money; not only in administration, but I believe very strongly that we can save money in the character of the programs which are finally developed and approved by the Congress of the United States.

So, Mr. President, I trust that Reorganization Plan No. 3 will be approved. I think if it is not approved, the alternative of a dozen scattered housing agencies independent of each other, without any coordination, respon-

sible only to the President, is the very poorest form of organization we could possibly have. I believe very strongly that the concurrent resolution adopted by the House should be disagreed to by the Senate, the result would assure the adoption of Reorganization Plan No. 3, submitted by the President.

Mr. FULBRIGHT. Mr. President, if the Senator will yield, would it be fair to say he believes that while this plan does not necessarily involve a decrease in expenses, or deal with expenses, yet it is a step toward achievement of that purpose, and toward further consolidation, which, itself, is one of the preliminary steps to be taken in order to reach the desired goal?

Mr. TAFT. I think that is true. We now have, of course, a form of consolidation. If we had not had that form, I think we would have had a much more expensive set-up. I think there would have been four or five independent agencies, each engaged in enlarging the scope of its particular activity, with no restraint except by the President himself. I think if we had not had the war consolidation, housing agencies in general would have been much more expensive than they are today.

Mr. FULBRIGHT. What I had in mind is that there is complaint, for example, that the HOLC has not been consolidated or liquidated. There are other agencies about which that complaint is made, but it seems to me that the coordination which is provided in Plan No. 3 is the most efficient way to achieve that end and is a step toward the gradual consolidation of agencies which are still preserved under the plan.

Mr. TAFT. I think the Senator is correct. Of course, there is a provision in the plan for the liquidation of the Defense Homes Corporation, which is being liquidated. The Home Owners' Loan Corporation is being liquidated about as fast as anything can be liquidated, but it has thousands and thousands of homes. They are making substantial progress, but perhaps they could proceed faster.

I may say this plan does something which the building and loan organizations have always wanted done. It restores the Board. Under the War Reorganization, the original Home Loan Bank Board was abolished, and one man was appointed in its place. This restores the Home Loan Bank Board. That Board is, I think, generally more satisfactory to building and loan associations that are financed than the Federal Home Loan Bank Administration, and, furthermore, I think it may be expected to speed up the liquidation of the Home Owners' Loan Corporation and to get rid of the remaining houses. I do not know whether it was the fault of the one man or whether it was the fault of the particular man who happened to occupy that position during the last 10 years, that the liquidation has not proceeded faster, but I think, under this plan, the liquidation will be faster, if we leave it as it is.

Mr. FULBRIGHT. Is not the condition to which the Senator has referred natural, in view of the fact that there has been no single over-all agency? Certainly in the early days each agency

was vitally concerned with its own preservation, but if there is consolidation at the top, there will be some way by which liquidation can be effected. It seems to me Plan No. 3 is a vital step in that process. I may say that practically every savings and loan association in my State, at least every one I have heard from, is very strongly in favor of this plan.

Mr. TAFT. I thank the Senator for his statement.

The PRESIDENT pro tempore. The Senator from Vermont.

Mr. TAFT. Mr. President, I suggest the absence of a quorum. There is only 1 minute left of the time allotted.

The PRESIDENT pro tempore. There are 8 minutes left.

Mr. FLANDERS. Mr. President, I had been told the time would be up at 4:20. I should like to have definite information on the point.

The PRESIDENT pro tempore. The computation which put the vote at 4:20 was 8 minutes in error. The Senator has eight additional minutes at his disposal, if he wishes it.

Mr. FLANDERS. I merely desire to introduce into the RECORD two letters, one from the National Housing Agency, the other from the Comptroller General of the United States, relating to the errors and inefficiencies in accounting, to which the Senator from Washington addressed himself in the course of his remarks. The letters, which I wish to appear in the RECORD immediately after these brief remarks, show, first, that the head of the National Housing Agency discovered the bad conditions in the Federal Public Housing Authority. The letter from the Comptroller General of the United States states that they are now well under control. I ask unanimous consent that the letters may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, July 22, 1947.

HON. RALPH E. FLANDERS
United States Senate.

MY DEAR SENATOR: I have your letter of July 21, 1947, as follows:

"Reference is made to the Report on the Survey of the Accounting System of the Federal Public Housing Authority, dated April 30, 1947.

"I have noted that your report suggests that in the years 1945-46, the period covered by your survey, the Authority's accounting system was inadequate and in numerous instances inaccurate. I understand that steps have been taken to remedy this situation.

"I would appreciate any information you might give me on the present status of accounting of the Federal Public Housing Authority. I would also appreciate any information you could give me with respect to the steps taken to remedy the situation that existed in 1945. Were these steps initiated before the making of the audit by the General Accounting Office?"

It is believed that the answers to your questions are contained in the testimony of Mr. T. Coleman Andrews, Director, and Mr. S. B. Ives, Assistant Director, Corporation Audits Division of the General Accounting Office, before a subcommittee of the Committee on Appropriations, House of Repre-

sentatives, on the Government Corporations appropriation bill for 1948. With reference to the steps taken before the making of the audit survey by the General Accounting Office pursuant to section 5 of the act of February 24, 1945 (59 Stat. 6), to remedy the inadequacies in the accounting for the Authority's financial transactions, your attention is invited to the statements appearing on page 344 of part II of the cited hearings, a copy of which it is understood has been furnished to you.

By way of amplification it may be stated that Mr. T. Jack Gary, Jr., referred to in Mr. Andrews' testimony, had been transferred to the Federal Public Housing Authority on September 1, 1944, from the position of Accounting Officer in the Office of the Administrator, National Housing Agency, in which capacity he had made a survey of the accounting system of the Authority in consultation with officials of the Authority, and that Mr. Herbert Wooten had been transferred to the Authority from the Estimates Division of the Bureau of the Budget.

With reference to the present status of the accounting of the Authority, noteworthy improvements have been made in the current accounting system and substantial progress is being made in clearing up the backlog of work covering the period prior to July 1, 1945.

I trust that the foregoing is the information you desire.

Sincerely yours,

FRANK L. YATES,
Acting Comptroller General of the
United States.

NATIONAL HOUSING AGENCY,
Washington, D. C., July 21, 1947.
HON. RALPH E. FLANDERS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR FLANDERS: I am very glad to respond to your request for information with respect to the accounting situation in the Federal Public Housing Authority particularly in connection with the report of the Comptroller General of the United States transmitted to the Senate under date of April 30, 1947.

The report of the Comptroller General indicates that for the fiscal year 1945 (i. e., July 1, 1944, to June 30, 1945), and prior years, the accounting of the Federal Public Housing Authority "was found to be inadequate, inaccurate, and otherwise deficient."

I desire to call your attention to the fact that the inadequacies in the accounting system of the Federal Public Housing Authority were initially disclosed in 1943 in the course of the supervision exercised by the National Housing Administrator over the constituent units. Following consultations with the FPFA, they were discussed in a staff memorandum of November of 1943 from T. Jack Gary, Jr., Agency Accounting Officer for the Office of the Administrator, to Lyman Moore, Assistant Administrator for Administration.

Rather than build up a large supervisory staff in the Office of the Administrator to oversee the correction of these inadequacies it was mutually agreed to transfer Mr. Gary from the Office of the Administrator to the Federal Public Housing Authority for the purpose of installing in the Federal Public Housing Authority the system of accounting recommended by Mr. Gary, after consultation with the FPFA, to overcome the inadequacies originally disclosed. It was likewise determined to strengthen the entire finance and accounts division of the Federal Public Housing Authority by placing it under a comptroller reporting directly to the Commissioner. Mr. Herbert Wooten was selected to fill the position of Comptroller.

In this connection I desire to call your attention to the testimony of Mr. T. Coleman Andrews, Director of the Corporations Audits Division of the General Accounting Office

which appears at page 344 of the printed House hearings on the Government Corporations appropriation bill for 1948 (H. R. 3756):

"Mr. ANDREWS. I would like to say further that we found when we went over there that the situation encountered was one which the present management had inherited, and we found this management already hard at work undertaking to get the situation straightened out. They had employed for that purpose a man who is a certified public accountant.

"Mr. SCHWABE. Who is that?

"Mr. ANDREWS. Mr. T. Jack Gary, Jr. Now, I happen to know something about Mr. Gary, because he was for a long time on my firm staff, and I know he is a tremendously fine accountant. I would like, frankly, to have him back.

"Mr. SCHWABE. You mean he is on the General Accounting Office staff?

"Mr. ANDREWS. No; he is on the staff of the Federal Public Housing Authority as assistant comptroller. They also have a man over there who is comptroller, Mr. Herbert Wooten, whom we regard as a very capable person, under whom Mr. Gary is working. * * * We concluded that the steps that they had taken to correct the situation were the logical steps that anyone would take, and that under all of the circumstances they had made good progress with it up to the time that we went in."

I would also like to call to your attention the testimony of Mr. S. B. Ives, Assistant Director of the Corporation's Audit Division of the General Accounting Office, which appears at pages 370 and 371 of the printed hearings on said Government corporation's appropriation bill for 1948.

"Mr. WHITTEN. Actually you had to start from scratch, almost, as far as setting up a proper system of bookkeeping and accounting in the agency is concerned, did you not, Mr. Ives?

"Mr. IVES. I would say that they had made very great steps toward setting up the proper accounts by the time we got in there. They had started from scratch.

"Of course, it took some time for them to survey what was wrong and to decide on the steps that were necessary to correct the situation, and then to educate their whole staff as to how to put those steps into effect.

"I have the feeling now that their current accounting is in very good shape. It is this backlog of old errors and unidentified entries and matters of that nature that is causing trouble.

"They are making great strides in that matter now. They have what they call the backlog section which is engaged in that, and in some cases they have had to go back to the inception of the organization and rewrite the books in order to find out what was going on."

The record is abundantly clear that—

1. The inadequacies in the accounting system for the fiscal year 1945 and prior fiscal years were disclosed in the course of the supervision exercised by this office over the constituent units;

2. Upon such disclosure, this office, in conjunction with the FPFA, promptly took adequate steps to correct these inadequacies;

3. The staff personnel of the FPFA selected for this purpose are extremely capable and are so regarded by the General Accounting Office;

4. The General Accounting Office regards the steps which had been taken to correct the situation as the logical steps that should have been taken;

5. Good progress in correcting the inadequacies had already been made by the FPFA when the General Accounting Office made its initial survey of the accounting system; and

6. The current accounting system of the FPFA is in very good shape, and there remains only the backlog of old errors which can now cause any difficulties.

In connection with the latter item, I also desire to call attention to the fact that the General Accounting Office has indicated that excellent progress is now being made in clearing up this old backlog and bringing it forward on a proper basis, and that for this purpose there has been included in the administrative expense budget for the Federal Public Housing Authority for 1948 a special fund of \$175,000.

I realize, of course, that the representatives of some of the groups who have opposed Reorganization Plan No. 3 have sought to confuse this matter by reference to this report of the Comptroller General of the United States. An example of the type of distortion given to this report is found at page 39 of printed Senate hearings on the plan where the representative of the National Association of Real Estate Boards testifies that it shows that a single administrator, as proposed by the plan, "has not on the basis of actual operations provided for efficiency and economy."

I realize also that a great many statements have been made about the so-called "Lee report" of an investigation of the activities of the Federal Public Housing Authority. This is also referred to in the testimony of the representative of the National Association of Real Estate Boards at page 40 of the printed Senate hearings on the plan.

As I indicated in recent testimony before the Committee on Banking and Currency, although both the FPHA Commissioner and I have on several occasions requested that a copy of this report be made available to us so that we might take any action which might be warranted—depending on the actual facts—no copy has ever been furnished. As indicated by the FPHA Commissioner in recent testimony before the Committee on Banking and Currency, some of the allegations, presumably contained in the so-called Lee Report, were brought up and answered in the course of the House Appropriations Committee hearings on H. R. 3756. Aside from statements contained in a press release of the committee which is answered at pages 110 to 116 of the printed Senate hearings on the plan, this represents the only information available to us as to the substance of the so-called Lee Report.

Sincerely yours,

RAYMOND M. FOLEY,
Administrator.

Mr. FLANDERS. Mr. President, I now surrender my time in the interest of having a vote on the concurrent resolution.

I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Morse
Baldwin	Hawkes	Murray
Ball	Hayden	Myers
Barkley	Hickenlooper	O'Connor
Brewster	Hill	O'Daniel
Bricker	Hoey	O'Mahoney
Buck	Holland	Overton
Bushfield	Ives	Pepper
Butler	Jenner	Reed
Byrd	Johnson, Colo.	Revercomb
Cala	Johnston, S. C.	Robertson, Va.
Capehart	Kem	Saltonstall
Capper	Kilgore	Smith
Chavez	Knowland	Sparkman
Connally	Langer	Stewart
Cooper	Lodge	Taft
Cordon	Lucas	Taylor
Donnell	McCarran	Thomas, Okla.
Downey	McCarthy	Thomas, Utah
Dworshak	McClellan	Thye
Eastland	McFarland	Tydings
Eaton	McGrath	Umstead
Ellender	McKellar	Vandenberg
Ferguson	McMahon	Wherry
Flanders	Malone	White
Fulbright	Martin	Wiley
George	Maybank	Williams
Green	Millikin	Young
Gurney	Moore	

The PRESIDENT pro tempore. The question is on agreeing to the concurrent resolution.

Mr. TAFT. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. TAFT. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. TAFT. A vote "yea" on the concurrent resolution is a vote against Reorganization Plan No. 3. A vote "nay" is a vote for the plan. Is that a correct statement of the situation?

The PRESIDENT pro tempore. The Senator is correct.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUCK (when his name was called). On this vote I have a pair with the senior Senator from New Hampshire [Mr. TOBEY]. I understand that if the Senator from New Hampshire were present he would vote "nay." If at liberty to vote I would vote "yea."

Mr. REED (when his name was called). I have a general pair with the senior Senator from New York [Mr. WAGNER]. On this vote I transfer that pair to the senior Senator from New Hampshire [Mr. BRIDGES] and will vote. I vote "yea."

The roll call was concluded.

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. BRIDGES], who is necessarily absent, is paired with the Senator from New York [Mr. WAGNER]. The Senator from New Hampshire, if present and voting, would vote "yea," and the Senator from New York, if present and voting, would vote "nay."

The Senator from Wyoming [Mr. ROBERTSON], who is necessarily absent, is paired with the Senator from Washington [Mr. MAGNUSON]. The Senator from Wyoming, if present and voting, would vote "yea," and the Senator from Washington, if present and voting, would vote "nay."

The Senator from Iowa [Mr. WILSON] who is absent on official business, is paired with the Senator from Georgia [Mr. RUSSELL]. The Senator from Iowa, if present and voting, would vote "yea," and the Senator from Georgia, if present and voting, would vote "nay."

The Senator from Illinois [Mr. BROOKS] is detained on official committee business. If present and voting, he would vote "nay."

The Senator from Utah [Mr. WATKINS] is unavoidably detained. If present and voting, he would vote "yea."

The Senator from New Hampshire [Mr. TOBEY], who is necessarily absent because of illness in his family, is paired with the Senator from Delaware [Mr. BUCK]. That pair has been previously announced by the Senator from Delaware.

Mr. LUCAS. I announce that the Senator from Washington [Mr. MAGNUSON], who is necessarily absent, is paired on this vote with the Senator from Wyoming [Mr. ROBERTSON]. If present and voting, the Senator from Washington would vote "nay" and the Senator from Wyoming would vote "yea."

The Senator from Georgia [Mr. RUSSELL], who is detained on official committee business, is paired on this vote with the Senator from Iowa [Mr. WILSON]. If present and voting, the Senator from Georgia would vote "nay" and the Senator from Iowa would vote "yea."

The Senator from New York [Mr. WAGNER], who is necessarily absent, has a general pair with the Senator from Kansas [Mr. REED]. The transfer of that pair to the Senator from New Hampshire [Mr. BRIDGES] has been previously announced by the Senator from Kansas. If present and voting, the Senator from New York would vote "nay" and the Senator from New Hampshire would vote "yea."

The result was announced—yeas 38, nays 47, as follows:

YEAS—38

Brewster	Gurney	Millikin
Bricker	Hawkes	Moore
Bushfield	Hickenlooper	Morse
Butler	Ives	O'Daniel
Byrd	Jenner	Reed
Cain	Johnson, Colo.	Revercomb
Capehart	Kem	Robertson, Va.
Capper	Knowland	Thye
Cordon	McCarran	Wherry
Donnell	McCarthy	Wiley
Dworshak	McFarland	Williams
Eaton	Malone	Young
Ferguson	Martin	

NAYS—47

Aiken	Hill	O'Mahoney
Baldwin	Hoey	Overton
Ball	Holland	Pepper
Barkley	Johnston, S. C.	Saltonstall
Chavez	Kilgore	Smith
Connally	Langer	Sparkman
Cooper	Lodge	Stewart
Downey	Lucas	Taft
Eastland	McClellan	Taylor
Ellender	McGrath	Thomas, Okla.
Flanders	McKellar	Thomas, Utah
Fulbright	McMahon	Tydings
George	Maybank	Umstead
Green	Murray	Vandenberg
Hatch	Myers	White
Hayden	O'Connor	

NOT VOTING—10

Bridges	Robertson, Wyo.	Watkins
Brooks	Russell	Wilson
Buck	Tobey	
Magnuson	Wagner	

So the concurrent resolution (S. Con. Res. 51) was not agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Ferrell, its enrolling clerk, announced that the House had passed without amendment the bill (S. 1519) to amend section 10 of the Federal Reserve Act, as amended, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 526) to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 981) to amend section 2 of the act of January 29, 1942 (56 Stat. 21), relating to the refund of taxes illegally paid by Indian citizens.

The message also announced that the House had agreed to the report of the committee of conference on the disagree-

ing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3587) to establish a National Aviation Council for the purpose of unifying and clarifying national policies relating to aviation, and for other purposes.

The message further announced that the House had agreed to the amendment of the Senate to the amendment of the House to the amendment of the Senate No. 176 to the bill (H. R. 3123) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1948, and for other purposes.

The message also announced that the House had passed a bill (H. R. 1602) to stimulate exploration, development, and production from domestic mines by private enterprise, and for other purposes, in which it requested the concurrence of the Senate.

CONGRESSIONAL AVIATION POLICY BOARD

The PRESIDENT pro tempore. Under the unanimous-consent agreement of the Senate the calendar is now in order beginning with the first number, for the consideration of measures to which there is no objection.

Pending the call of the calendar, conference reports are in order.

CONGRESSIONAL AVIATION POLICY BOARD—CONFERENCE REPORT

Mr. BREWSTER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3587) to establish a National Aviation Council for the purpose of unifying and clarifying national policies relating to aviation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That it is the purpose of this Act to provide for the development of a national aviation policy adequate to meet the needs of the national defense, of the commerce of the United States, both interstate and foreign, and of the postal service, and to provide for the formulation and clarification of national policies relating to or affecting aviation, including policies relating to the maintenance of an adequate aeronautical manufacturing industry.

"SEC. 2. There is hereby established a temporary Congressional Aviation Policy Board (hereinafter referred to as the 'Board') which shall be composed of five Members of the Senate, not more than three of whom shall be members of the majority party, to be appointed by the President pro tempore of the Senate, and five Members of the House of Representatives, not more than three of whom shall be members of the majority party, to be appointed by the Speaker of the House of Representatives.

"SEC. 3. It shall be the duty of the Board to carry out the purposes of this Act, and, in so doing, to study the current and future needs of American aviation, including commercial air transportation and the utilization of aircraft by the Armed Services; the nature, type and extent of aircraft and air transportation industries that are desirable or essential to our national security and welfare; methods of encouraging needed devel-

opments in the aviation and air transportation industry; and the improved organization and procedures of the government that will assist it in handling aviation matters efficiently and in the public interest. The Board shall report to the Congress, together with such recommendations as it deems desirable, on or before March 1, 1948.

"SEC. 4. (a) The Board shall select a chairman and a vice chairman from among its members. A vacancy on the Board shall be filled in the same manner as the original selection.

"(b) The Board is authorized to employ such experts, assistants, and other employees as in its judgment may be necessary for the performance of its duties. The Board is authorized to utilize the services, information, facilities, and personnel of the various departments and agencies of the Government to the extent that such services, information, facilities, and personnel, in the opinion of such departments and agencies, can be furnished without undue interference with the performance of the work and duties of such departments and agencies.

"(c) The Board shall have the power to hold hearings and to require by subpoena or otherwise the attendance of such witnesses, the production of such correspondence, books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable.

"(d) For the purpose of carrying out the provisions of this Act the Board may seek information from such sources and conduct its studies and investigations at such places and in such manner as it deems advisable in the interest of a correct ascertainment of the facts.

"SEC. 5. There is hereby authorized to be appropriated such sums, not to exceed \$50,000, as may be necessary to enable the Board to carry out its functions under this Act.

"SEC. 6. The members of the Board, and employees thereof, shall be allowed all expenses necessary for travel and subsistence incurred while so engaged in the activities of the Board."

And the Senate agree to the same.

Amend the title so as to read: "An Act to provide for the establishment of a temporary Congressional Aviation Policy Board."

OWEN BREWSTER,
A. W. HAWKES,
HOMER E. CAPEHART,
ED C. JOHNSON,
BRIEN MCMAHON,

Managers on the Part of the Senate.

CHAS. A. WOLVERTON,
CARL HINSHAW,
EVAN HOWELL,
A. L. BULWINKLE,
J. PERCY PRIEST,

Managers on the Part of the House.

Mr. JOHNSON of Colorado. Mr. President, on July 18 I gave notice that I would enter a motion for the reconsideration of House bill 3587, which had passed the Senate 2 days previously. I now desire to withdraw that motion.

The PRESIDENT pro tempore. The motion is withdrawn.

Mr. JOHNSON of Colorado. The conferees working out the terms of the bill have agreed among themselves, as I understand, not to make any effort to promote the so-called single instrument or monopoly with respect to foreign aviation. While the bill itself is silent on that question, it was the general understanding—as I understand, at least—that no effort would be made to promote the single instrument, and no time would be wasted on the joint board or control board.

Mr. BREWSTER. Mr. President, I ask unanimous consent for the immediate consideration of the conference report.

There being no objection, the Senate proceeded to consider the report.

Mr. BARKLEY. Mr. President, as the bill passed one House or the other, it provided for a joint committee or commission, composed of Members of the two Houses, and also others, to be appointed by the President, I believe.

Mr. BREWSTER. That is correct.

Mr. BARKLEY. What does the conference report contain?

Mr. BREWSTER. In the light of the President's action—and I may say that I discussed this question with him on Monday—he has appointed a board of five members. The bill eliminates the Executive or Presidential appointments and proposes simply a temporary congressional aviation-policy board confined to Members of Congress. That was the unanimous agreement.

Mr. BARKLEY. I gather from the remarks of the Senator from Colorado that there is nothing in the bill which involves the controversial question which has been discussed here so often and so long, and upon which hearings were held, with reference to the so-called chosen instrument of aviation. As I understand, the bill deals largely with the manufacturing end of aviation.

Mr. BREWSTER. The emphasis is on that feature. As the Senator from Colorado pointed out, the language is broad enough to include everything. The language of this measure includes the language used by the President in his commission to his board. So the commission is the same. However, as the Senator from Colorado says, the question was discussed among the conferees, and it was their objective to go forward within this charter, without further agitation of that question.

Mr. BARKLEY. I thank the Senator.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

The report was agreed to.

NATIONAL SCIENCE FOUNDATION—CONFERENCE REPORT

Mr. SMITH submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 526) to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'National Science Foundation Act of 1947'.

"ESTABLISHMENT OF NATIONAL SCIENCE FOUNDATION

"SEC. 2. There is hereby established in the executive branch of the Government an independent agency to be known as the National Science Foundation (hereinafter referred to as the "Foundation").

REORGANIZATION PLAN NO. 1 of 1948.

January 19, 1948 Message from the President of the United States transmitting Reorganization Plan No. 1 of 1948. House Document No. 499.

January 20, 1948 House Concurrent Resolution 131 was submitted by Rep. Hoffman and was referred to the House Committee on Expenditures in the Executive Departments. Print of the Resolution as introduced.

February 5, 1948 Hearings: House, H. Con. Res. 131.

February 9, 1948 House Committee reported H. Con. Res. 131 without amendment. House Report 1368. Print of the Resolution as reported.

February 25, 1948 House debated and agreed to the Resolution as reported.

February 26, 1948 H. Con. Res. 131 was referred to the Senate Committee on Labor and Public Welfare. Print of the Resolution as referred.

March 4, 1948 Senate Committee reported H. Con. Res. 131 without amendment. Senate Report 967. Print of the Resolution as reported.

March 12, 1948 Minority Views Report. Senate Report 967, Pt. 2.

March 16, 1948 Senate debated and agreed to the Resolution as reported.

Note: H. Con. Res. 131 was against adoption of the Plan, therefore, Plan No. 1 of 1948 was rejected by Congress.

REORGANIZATION PLAN NO. 1 OF 1948

M E S S A G E

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

REORGANIZATION PLAN NO. 1 OF 1948, UNDER THE
REORGANIZATION ACT OF 1945

JANUARY 19, 1948.—Referred to the Committee on Expenditures in the
Executive Departments and ordered to be printed

To the Congress of the United States:

I transmit herewith Reorganization Plan No. 1 of 1948, under the Reorganization Act of 1945, which transfers the United States Employment Service and the Bureau of Employment Security to the Department of Labor. The United States Employment Service is now in the Department of Labor by temporary transfer under authority of title I of the First War Powers Act, 1941, while the Bureau of Employment Security is at present a constituent unit of the Federal Security Agency. This plan will place the administration of the employment service and unemployment compensation functions of the Federal Government in the most appropriate location within the executive establishment and will provide for their proper coordination.

I find that this proposed reorganization is necessary to accomplish the following purposes of the Reorganization Act of 1945: (1) To group, coordinate, and consolidate agencies and functions of the Government according to major purposes, (2) to increase the efficiency of the operations of the Government, and (3) to promote economy to the fullest extent consistent with the efficient operation of the Government.

The United States Employment Service was established in the Department of Labor by the Wagner-Peyser Act in 1933. It was later transferred under Reorganization Plan No. I, effective July 1, 1939, to the Social Security Board in the Federal Security Agency. After the creation of the War Manpower Commission, the United States Employment Service was placed under that Commission by

Executive Order No. 9247 of September 17, 1942. Shortly after the Japanese surrender the Service was transferred to the Department of Labor by Executive Order No. 9617. Both of these transfers were made under the temporary authority of title I of the First War Powers Act.

The provision of a Nation-wide system of public employment offices, which assists workers to get jobs and employers to obtain labor, belongs under the leadership of the Secretary of Labor. Within our Federal Government the Department of Labor is the agency primarily concerned with the labor market and problems of employment.

The Department of Labor already has within its organization many, but not all of the resources needed for the full performance of this role. It has a broad understanding of working conditions and the factors in labor turn-over. Through the Bureau of Labor Statistics it develops extensive information on the long-term trends in employment and on the occupational characteristics of the labor force. Through the Apprentice Training Service it promotes the development of needed skills. I consider it necessary and desirable that these facilities of the Department of Labor should now be augmented by the other major operating agencies in the field of employment—the United States Employment Service and the Bureau of Employment Security. These agencies are concerned, as is the Department of Labor, with the full and proper employment of American workers.

The results achieved by the Employment Service after more than 2 years of operation within the Department of Labor strongly justify the decision to place these functions permanently within that Department. More employers are now using the facilities of the public employment offices than ever before in the history of the peacetime Employment Service. More services are being furnished employers by the public employment offices than ever before. Today the public employment office has become the central labor exchange in the community and the primary source of information on employment opportunities and immediate labor market trends.

The Bureau of Employment Security in the Federal Security Agency administers the Federal activities relating to the Nation-wide unemployment compensation system. As a practical matter these functions have proved to be intimately related to those of the United States Employment Service. Under existing State laws, claimants for unemployment compensation must register with the Employment Service before they may become eligible for benefits. In consequence nearly all States have assigned the administration of these two programs to the same agency.

Both the Employment Service and the unemployment compensation system are concerned with the worker as a member of the labor force. Both are concerned with shortening the periods of unemployment and with promoting continuity of employment. When the worker becomes unemployed, the alternatives are either to assist him in obtaining new employment or to pay him benefits. The proper emphasis is on employment rather than on benefit payments. This emphasis can best be achieved by having the two programs administered in the agency most concerned with the employment process—the Labor Department.

By reason of the reorganizations made by this plan, I find that the responsibilities and duties of the Secretary of Labor will be of such

nature as to require the inclusion in the plan of provisions for the appointment and compensation of a Commissioner of Employment to coordinate the employment service and unemployment insurance activities within the Department. The plan also provides that the Federal Advisory Council, a group representative of labor, management, and the public, authorized by the Wagner-Peyser Act, shall advise the Secretary and the Commissioner on the operation of both the unemployment compensation system and the United States Employment Service.

HARRY S. TRUMAN.

THE WHITE HOUSE, *January 19, 1948.*

REORGANIZATION PLAN NO. 1 OF 1948

PREPARED BY THE PRESIDENT AND TRANSMITTED TO THE SENATE AND THE HOUSE OF REPRESENTATIVES IN CONGRESS ASSEMBLED, JANUARY 19, 1948, PURSUANT TO THE PROVISIONS OF THE REORGANIZATION ACT OF 1945, APPROVED DECEMBER 20, 1945

SECTION 1. *United States Employment Service.*—The United States Employment Service is transferred to the Department of Labor and the functions of the Federal Security Administrator with respect to the United States Employment Service are transferred to the Secretary of Labor.

SEC. 2. *Bureau of Employment Security.*—The Bureau of Employment Security of the Federal Security Agency is transferred to the Department of Labor and the functions of the Federal Security Administrator with respect to unemployment compensation, together with his functions under the Federal Unemployment Tax Act (as amended, and as affected by the provisions of Reorganization Plan Numbered 2 of 1946, 60 Stat. 1095 (26 U. S. C. 1600-1611)), are transferred to the Secretary of Labor.

SEC. 3. *Performance of transferred functions.*—The functions transferred by the provisions of sections 1 and 2 of this plan (a) shall be performed by the Secretary or, subject to his direction and control, by such officers (including the Commissioner of Employment hereinafter provided for) and agencies of the Department of Labor as the Secretary may designate and (b) shall be performed subject to such rules and regulations as the Secretary may prescribe.

SEC. 4. *Commissioner of Employment.*—There shall be in the Department of Labor a Commissioner of Employment, who shall be appointed under the classified civil service by the Secretary of Labor, receive compensation at the rate of \$10,000 per annum, and perform such of the functions transferred by the provisions of this plan as the Secretary shall designate.

SEC. 5. *Coordination of transferred functions.*—In order to coordinate more fully the administration of grant-in-aid programs under the functions transferred by the provisions of this plan the Secretary of Labor shall, insofar as practicable, establish or cause to be established uniform standards and procedures relating to fiscal, personnel, and other requirements common to both such programs and provide for a single Federal review with respect to such requirements.

SEC. 6. *Federal Advisory Council*.—The Federal Advisory Council established pursuant to section 11 (a) of the Act of June 6, 1933, as amended (48 Stat. 116, 29 U. S. C. 49J(a)), shall, in addition to its duties under the aforesaid Act, advise the Secretary of Labor and the Commissioner of Employment with respect to the administration and coordination of the functions transferred by the provisions of this plan.

SEC. 7. *Personnel, records, property, and funds*.—There are transferred to the Department of Labor, for use in connection with the functions transferred by the provisions of this plan, the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds (available or to be made available) of the United States Employment Service and of the Bureau of Employment Security, together with so much as the Director of the Bureau of the Budget shall determine of other personnel, property, records, and unexpended balances of appropriations, allocations, and funds (available or to be made available) of the Federal Security Agency which relate to functions transferred by the provisions of this plan.



80TH CONGRESS
2D SESSION

H. CON. RES. 131

IN THE HOUSE OF REPRESENTATIVES

JANUARY 20, 1948

Mr. HOFFMAN submitted the following concurrent resolution; which was referred to the Committee on Expenditures in the Executive Departments

CONCURRENT RESOLUTION

1 *Resolved by the House of Representatives (the Senate*
2 *concurring), That the Congress does not favor the Re-*
3 *organization Plan Numbered 1 of January 19, 1948, trans-*
4 *mitted to Congress by the President on the 19th day of*
5 *January 1948.*

80TH CONGRESS
2D Session

H. CON. RES. 131

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 1 of January 19, 1948.

By Mr. HOFFMAN

JANUARY 20, 1948

Referred to the Committee on Expenditures in the
Executive Departments

REORGANIZATION PLAN NO. 1 OF 1948

FEBRUARY 9, 1948.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HOFFMAN, from the Committee on Expenditures in the Executive Departments, submitted the following

REPORT

[To accompany H. Con. Res., 131]

The Committee on Expenditures in the Executive Departments, to whom was referred the concurrent resolution (H. Con. Res. 131) against adoption of Reorganization Plan No. 1 of January 19, 1948, having considered the same, report favorably thereon without amendment and recommend that the concurrent resolution do pass.

GENERAL STATEMENT

The purpose of this resolution is to express disapproval of Reorganization Plan No. 1 of January 19, 1948, transmitted to Congress by the President on the 19th day of January 1948, and the effect of its adoption by the Congress will be to prevent such plan from coming into force and effect on March 19, 1948.

The purpose and the effects of the reorganization plan, in the absence of a disapproval by a concurrent resolution, are set forth in the plan in the following words and figures:

SECTION 1. *United States Employment Service.*—The United States Employment Service is transferred to the Department of Labor and the functions of the Federal Security Administrator with respect to the United States Employment Service are transferred to the Secretary of Labor.

SEC. 2. *Bureau of Employment Security.*—The Bureau of Employment Security of the Federal Security Agency is transferred to the Department of Labor and the functions of the Federal Security Administrator with respect to unemployment compensation, together with his functions under the Federal Unemployment Tax Act (as amended, and as affected by the provisions of Reorganization Plan Numbered 2 of 1946, 60 Stat. 1095 (26 U. S. C. 1600-1611)), are transferred to the Secretary of Labor.

SEC. 3. *Performance of transferred functions.*—The functions transferred by the provisions of sections 1 and 2 of this plan (a) shall be performed by the Secretary or, subject to his direction and control, by such officers (including the Commissioner of Employment hereinafter provided for) and agencies of the Department

of Labor as the Secretary may designate and (b) shall be performed subject to such rules and regulations as the Secretary may prescribe.

SEC. 4. *Commissioner of Employment.*—There shall be in the Department of Labor a Commissioner of Employment, who shall be appointed under the classified civil service by the Secretary of Labor, receive compensation at the rate of \$10,000 per annum, and perform such of the functions transferred by the provisions of this plan as the Secretary shall designate.

SEC. 5. *Coordination of transferred functions.*—In order to coordinate more fully the administration of grant-in-aid programs under the functions transferred by the provisions of this plan the Secretary of Labor shall, insofar as practicable, establish or cause to be established uniform standards and procedures relating to fiscal, personnel, and other requirements common to both such programs and provide for a single Federal review with respect to such requirements.

SEC. 6. *Federal Advisory Council.*—The Federal Advisory Council established pursuant to section 11 (a) of the Act of June 6, 1933, as amended (48 Stat. 116, 29 U. S. C. 49 (a)), shall, in addition to its duties under the aforesaid Act, advise the Secretary of Labor and the Commissioner of Employment with respect to the administration and coordination of the functions transferred by the provisions of this plan.

SEC. 7. *Personnel, records, property, and funds.*—There are transferred to the Department of Labor, for use in connection with the functions transferred by the provisions of this plan, the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds (available or to be made available) of the United States Employment Service and of the Bureau of Employment Security, together with so much as the Director of the Bureau of the Budget shall determine of other personnel, property, records, and unexpended balances of appropriations, allocations, and funds (available or to be made available) of the Federal Security Agency which relate to functions transferred by the provisions of this plan.

STATEMENTS OF FACT

In order that each Member of Congress might notify his State administrator and others who might desire to appear as witnesses, the committee, in writing, notified each Member of Congress of the time and place of the hearings.

From individuals and organizations came many letters, telegrams, and statements, expressing the writers' viewpoints. All were filed and made a part of the record. In addition, 40 witnesses appeared before the committee, filed written statements, were given the opportunity to make an oral argument, answer such questions as the members of the committee desired to propound.

From the information before the committee, we gleaned the following:

THE UNITED STATES EMPLOYMENT SERVICE

The United States Employment Service (except in the District of Columbia) is not an operating agency. It is a supervising agency which grants allocations of money to the various State governments for the administration of State employment services. In order to receive these funds, each State must submit a plan, approved by the United States Employment Service, under the provisions of the Wagner-Peyser Act of 1933.

The United States Employment Service also serves as a clearing-house for the distribution of employment information between the States.

The original Wagner-Peyser Act of 1933 established the United States Employment Service in the Department of Labor. In 1939 it was transferred by President Roosevelt to the Federal Security Agency.

In 1942, after federalization of the State employment services, the United States Employment Service was transferred to, and became the operating agency of, the War Manpower Commission.

After VJ-day, the War Manpower Commission was abolished and the United States Employment Service was transferred to the Department of Labor, under the authority of the First War Powers Act. It is temporarily located in this agency today.

Until November 1946, its operations included the actual placement which had been performed by the State employment services prior to their federalization. At that time, due to action of the Congress, the operating employment offices and personnel were returned to the respective States.

The present situation is, accordingly, the same as it was in 1939 when President Roosevelt transferred the United States Employment Service to the Federal Security Agency; hence, the message which he wrote in connection with such transfer is equally applicable to the situation as it exists today. That message, insofar as it related to the Employment Service, is quoted in the report of a member of the staff, which was included in the hearings held in May of 1947 on House Concurrent Resolutions 49 and 50.

One of the purposes of Reorganization Plan No. 2 of 1947 was, to all intents and purposes, the same as that advocated in Reorganization Plan No. 1 of 1948. Following hearings held in May of 1947, this committee unanimously reported, on a proposition of transferring United States Employment Service to the Department of Labor, as follows:

1. The Bureau of the Budget, while favoring the recommendation of the President, indicated that its professional staff differed as to the solution of this organization problem.

2. The Department of Labor's representatives favored the consolidation of the two functions in one agency and expressed the opinion that the Department of Labor could administer more efficiently the two functions than any other agency of the Government because of the related programs having to do with labor statistics and other labor laws.

3. The representatives of the Federal Security Agency believed that the administration of the unemployment compensation laws should remain, as at present, related to the administration of social-security laws.

4. The representatives of the State bodies administering these two programs expressed the belief that more efficiency and economy would be obtained by consolidating the two functions. These representatives also expressed the belief that the preferred handling of this organization problem in the Federal Government would be:

- (a) Transfer United States Employment Service to the Federal Security Agency.

- (b) Consolidate into one unit the administration of Federal Employment Service and the unemployment compensation functions under one head, in the Bureau of Employment Security, under the Federal Security Administrator.

The State directors gave the following reasons for their recommendations:

1. The Federal Social Security Act requires that every State unemployment compensation law provides for payment of benefits through public employment agencies. All State laws make the same requirement in accordance with Federal law.

2. Thus the employment services are in effect the local administrative offices through which unemployment benefits are paid. Applicants for unemployment benefits must first file an application for work. The local offices simultaneously attempt to refer the individual to a job and to determine his benefit eligibility. Benefits are paid only if a job cannot be found.

3. Practically all States have integrated their employment service operations completely with their unemployment compensation activities. There is now in most States no direct dividing line at the local level between the job placement and unemployment compensation functions.

4. The Federal law in effect prohibits the States from paying the administrative costs of either of these activities out of employment taxes. The Federal Government diverts to the Federal Treasury approximately one-sixth of all unemployment taxes collected and, in turn, makes grants to the States for administration of unemployment compensation and employment services.

5. The grants for unemployment compensation administration, after appropriation by Congress, are allocated to the various States by the Bureau of Employment Security, under the Social Security Commissioner. The grants for employment operation, after appropriation by Congress, are allocated to the various States by the United States Employment Service. Thus, under the present system, every State agency is dependent upon allocations by two separate Federal agencies. The result is complete financial confusion.

6. The United States Employment Service is concerned with one function—promoting employment security by placement of the jobless. The Federal agency which is charged with the over-all problem of employment security is the Bureau of Employment Security under the Social Security Commissioner in the Federal Security Agency.

7. The primary activities of the Employment Service can be performed better within the Federal Security Agency. There are neither major nor minor activities which would require locating the Service in the Department of Labor.

8. Expenses of operating the United States Employment Service could be expected to be lower in the Federal Security Agency than in the Department of Labor. Such reduction in expense should result from the integration of all of the employment security work of the Federal Government in one agency. For example, the United States Employment Service audits State administrative expenditures. Such auditing must also be done by the Bureau of Employment Security. There is no reason why these functions cannot be obtained and performed by the same staff.

9. The Employment Service creates no job opportunities. Jobs must be offered by employers. They will be offered through the Employment Service to the extent that employers have confidence in the ability of the Employment Service to perform an efficient, unbiased service. During the years preceding the war, the public Employment Service gained rapidly in establishment of employer confidence. During the war much ground was lost and employer confidence deteriorated steadily, largely due to the fact that both compulsion and social planning were to a considerable extent substituted for free services.

The chief argument of the Federal officials urging the permanent transfer to the Department of Labor was the fear that, in the Federal Security Agency, the job-placement function would be subordinated to the payment of unemployment benefits.

No other witnesses concurred in this fear. The fact of the matter is that such subordination would have to take place at the operating level—in the States—in any event.

The great weight of the evidence is to the effect that social-security activities, which concern all the people—employers, employees, and generally the public—should be consolidated in one neutral agency. The committee believes it would be as great a mistake to place the Employment Service under the jurisdiction of the Department of Labor as to place it under the Department of Commerce.

While there has been some change of opinion since the previous hearings, the issue then raised remains practically the same.

THE DEPARTMENT OF LABOR

The record shows that the Department of Labor was created by the Congress for the express purpose of fostering and aiding labor, no doubt on the theory that the public welfare was dependent upon the welfare of those who depended upon their daily toil for their livelihood.

Since such was and is the proper purpose and the legal function of the Department of Labor, it necessarily follows that that Department and those in it become advocates of, or at least give sympathetic consideration to, the programs of labor, whether advanced by organized or unorganized groups.

It is a matter of common knowledge that the Department of Labor has, in all of its endeavors since its creation, carried out to a very great degree its functions as prescribed by the Congress and by the President of the United States at the time of signing the bill. This committee believes that the Department of Labor should be, as it has been, a representative in the Cabinet of the United States in behalf of the working people and that by this method they have a voice in the highest governmental functions.

If this is true, as it appears to be, the Department of Labor could not, in supporting and promoting the aims of labor, be an impartial agency to carry out the provisions of the law with regard to unemployment compensation. That is no condemnation of the Department of Labor but, on the other hand, is a recognition of the fact that those who are charged with the duty of fostering the welfare of the Nation's workers could not, as a matter of fact, at the same time administer the provisions of the Unemployment Compensation Act as well as a neutral agency.

Assuming that the Department of Labor would make every effort humanly possible to be fair and to carry out the act of Congress according to its spirit and intent, there still remains the proposition that when there are two parties to a controversy, the agency which is supposed to administer an act of Congress impartially, but nevertheless in the interest of employees, would be placed in a very embarrassing position in deciding and promulgating rules and regulations for the administration of the unemployment compensation fund if there was the slightest degree of apparent partiality to either group.

The unemployment compensation is collected from the employers of the Nation, who employ more than eight people, by a 3-percent tax upon their pay rolls which, of course, is ultimately paid by the consumer, as are all taxes, wages, and profits. But the fact remains that, unless the people who contribute to this fund have absolute confidence in its fair administration, it would result in destroying our very fine system of paying some unemployed workers a portion of their salary for a short period when they are actually out of employment and are honestly seeking reemployment.

This committee believes that responsible, representative, democratic government would be best served (notwithstanding all the collateral issues that have been raised by partisans on both sides) by the continuation of this service as an unemployment insurance program, rather than to permit partisans on either side to take over and administer this fund.

As was stated by several witnesses, the Department of Labor, as originally conceived and now administered, quite properly represents and serves for the most part the interests of labor. Unemployment compensation is a social-insurance system.

Its ultimate aims, as we understand them, are to meet the immediate needs of eligible, unemployed working people and constitute a public policy which concerns all citizens of the United States. Employer rights and privileges must also be safeguarded.

It is the thought of the Committee on Expenditures in the Executive Departments that this all-important function of government should not degenerate into a political issue, but should be administered in the public interest for the public welfare. For this reason, if there were no other, we believe that, as between the Department of Labor and

the Federal Security Agency, which is now administering this act, the Federal Security Agency will more nearly administer this fund in the public interest.

To the foregoing might be added the statement that, inasmuch as upon the public falls the ultimate cost of whatever benefits are paid, the interest of the public should be protected. It is quite evident that only by a neutral, disinterested agency can the interests of those who must buy in the market be safeguarded.

To summarize the above, the Department of Labor is a partisan advocate created and charged with the duty of protecting and advancing the interests of labor as such.

Unemployment compensation is a special benefit, an item of cost, paid in the first instance by the employer, ultimately by the consumer, to which only those belonging to a particular group are entitled.

Like every other benefit payment, to which citizens generally are entitled and the fund for which is not created by those receiving the benefits, it should be administered by an impartial agency under no obligation to those receiving the benefits.

REORGANIZATION PLAN NO. 1 OF 1948 SHOULD NOT BE ADOPTED AT THIS TIME

Whatever may be the merits of Reorganization Plan No. 1 of 1948, this is not the time for its adoption.

Public Law 162, Eightieth Congress, First session, approved July 7, 1947, established a Commission on Organization of the Executive Branch of the Government. That act created a Commission composed of 12 members. Four were appointed by the President, four by the President pro tempore of the Senate, and four by the Speaker of the House of Representatives. Two of the members of the Commission came from the executive branch, two from the Senate, two from the House of Representatives. An equal number were appointed from private life.

The present membership of that Commission is as follows:

Herbert Hoover, Chairman.

Dean C. Acheson, Vice Chairman.

James Forrestal, Secretary of Defense.

Arthur S. Flemming, Civil Service Commission.

George H. Mead, Dayton, Ohio.

George D. Aiken, Senator from Vermont.

John L. McClellan, Senator from Arkansas.

James K. Pollock, Ann Arbor, Mich.

Joseph P. Kennedy, Hyannis Port, Mass.

Clarence J. Brown, Representative from Ohio.

Carter Manasco, Representative from Alabama.

James H. Rowe, Washington, D. C.

Francis P. Brassor, Washington, D. C., Secretary to the Commission.

Lawrence Richey, Washington, D. C., special assistant to the Chairman.

The Commission is required to make a report of its findings and recommendations to the Congress within 10 days after the Eighty-first Congress is convened and organized.

To enable the Commission to—

study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government, to determine what changes therein are necessary in their opinion to accomplish the purposes set forth in section 1 of this Act—

the Congress in the first instance appropriated, for its use, \$750,000.

The ability and the character of the membership of the Commission, and the funds available to it, should be and are a guaranty that it can and it will present to the Eighty-first Congress an over-all plan designed to give economy by (1) limiting expenditures, (2) eliminating duplication and overlapping, (3) consolidating services, activities, and functions, (4) abolishing unnecessary services, activities, and functions, and (5) defining and limiting executive functions, services, and activities, without impairing the efficiency of public service.

Because the Department of Labor was created to and must, of necessity, be an advocate of labor, and because a nonpartisan commission, on which the public, the executive departments, and the legislative departments are adequately and competently represented, is now engaged in spending almost a million dollars in a study involving the same subject outlined in Reorganization Plan No. 1 of 1948, that plan should be rejected. The Congress should await the report of the Commission on Organization of the Executive Branch of the Government.

CLARE E. HOFFMAN, *Chairman*.

GEORGE H. BENDER.

ROBERT F. RICH.

HENRY J. LATHAM.

JAMES W. WADSWORTH.

FOREST A. HARNESS.

CLARENCE J. BROWN.

ROSS RIZLEY.

J. EDGAR CHENOWETH.

FRED E. BUSBEY.

MELVIN C. SNYDER.

J. CALEB BOGGS.

R. WALTER RIEHLMAN.

RALPH HARVEY.

J. FRANK WILSON.

THE MINORITY VIEWS OF THE HOUSE COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

The minority is of the opinion that House Concurrent Resolution 131, which was referred to the Committee on Expenditures in the Executive Departments, should be rejected by this body so that the Reorganization Plan No. 1 of 1948 may effectuate its purposes of placing the Federal activities of the United States Employment Service and Unemployment Compensation programs in the United States Department of Labor.

UNITED STATES EMPLOYMENT SERVICE

Our nation-wide system of public employment offices was established by the Wagner-Peyser Act of 1933 as a Federal-State system. The local employment offices of the system are administered by the several States in accordance with State laws. Through the activities of these local offices, workers are referred and placed in jobs, employers' orders for workers are received and filled, and workers file claims for benefits. These local offices have very close and continuing working relationships with employers, workers, veterans' organizations, and other community groups concerned with employment problems.

Federal responsibilities for the public employment service system are vested in the United States Employment Service in the United States Department of Labor. The United States Employment Service, through cooperation with State agencies, coordinates the activities of the local employment offices to assure a Nation-wide network, and the United States Employment Service provides to the States services which they either cannot perform for themselves or, if performed by them, would be duplicated by every State and thus be far more costly than under the present system. Among such services are the maintenance of a dictionary of occupations, for classifying workers and job orders on the basis of what workers can do and what jobs require, and manuals of operation which are used by all employment offices; the collection, analysis, and exchange among the States labor-market information on labor supply, job openings, and changing labor-market conditions; maintenance of a veterans' employment service in accordance with the Wagner-Peyser Act of 1933 and the Servicemen's Readjustment Act of 1944; maintenance in cooperation with the States of a farm-placement service for the orderly recruitment and placement of farm labor; and maintenance of a system for the interstate transfer of workers required by changing industrial requirements and peak seasonal demands. What many people do not understand is that the technical materials used in every public employment office in the country, such as aptitude tests, trade questions, etc., have been

developed by the Federal part of our public employment service system—the United States Employment Service.

With the beginning of unemployment compensation benefit payments in 1938, employment service facilities had to be quickly expanded. The most expedient way of financing this expansion was through title III of the Social Security Act. This expediency resulted in the transfer of the United States Employment Service to the old Social Security Board by the Reorganization Plan No. 1 of 1939. The United States Employment Service remained there only 3 years. With the war emergency, the administration of the public employment offices was federalized to do the war job. The United States Employment Service was transferred to the War Manpower Commission, where it served as its operating arm. In connection with the liquidation of the War Manpower Commission in 1945, the President undertook a careful review of the functions of the United States Employment Service and those carried on in both the Department of Labor and the Federal Security Agency. As a result of that review, he determined that the employment-service program was more closely related to the functions of the Department of Labor than to the functions carried on in the Federal Security Agency. The United States Employment Service was, therefore, returned by Executive Order 9617 to the Department of Labor, where it had been placed originally by Congress. On November 16, 1946, the operation of the public employment offices was returned to the States, in accordance with the Labor-Federal Security Appropriation Act of 1947. The entire cost of administration of State and local offices is now financed by the Federal Government through appropriations made to the United States Department of Labor.

UNEMPLOYMENT COMPENSATION

The inability of the individual States to deal separately with problems of unemployment led to the Federal Security Act and the Unemployment Tax Act of 1935. Under this legislation State unemployment compensation systems were established. The State unemployment compensation laws govern the coverage, conditions of eligibility for benefits, the amount and duration of benefits, and the contribution rates levied upon pay rolls. All State laws, as a prerequisite to the filing of a claim for unemployment benefits, require that unemployed workers register at local employment offices as evidence of their availability for work and that they are willing and able to work. The State laws control the determination of what constitutes "suitable work" the interpretation of which is the responsibility of State unemployment compensation officials, and is conditioned by precedents established by appeals authorities in each State and decisions of the State courts.

In the States both the unemployment compensation and the employment service programs are administered within a single agency. In many highly industrialized States with the greatest working population, the administrative responsibilities for these two programs are placed within the State departments of labor. In no State are these two programs administered in an agency which is responsible for the health, education, or welfare functions, which at the Federal level are vested in the Federal Security Agency.

UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ARE BOTH
LABOR FUNCTIONS

The basic purpose of this Reorganization Plan No. 1 of 1948, which is overlooked in the majority report, is to group, coordinate, and consolidate agencies and functions of the Government according to their major purposes. It is in accordance with the letter and spirit of the Reorganization Act of 1945. The unemployment compensation and employment service programs are closely related. They have common objectives and provide workers with a measure of economic security.

Both the majority and the minority agree that both these programs should be together in the same department of Government. They further agree that finding an unemployed worker a job is more important than to pay him unemployment benefits. No one questions that the job-finding function is a proper responsibility of the Department of Labor. In fact, the basic legislation creating the United States Department of Labor states that "the purposes of the Department of Labor shall be * * * to advance their [workers'] opportunities for profitable employment."

It should be perfectly apparent to everyone that the Department of Labor cannot effectively carry out its statutory obligation without some responsibility for the only Nation-wide agency established specifically for the purpose of bringing workers and jobs together. There was not the slightest shred of evidence presented in the hearings to refute the well-substantiated fact that both the unemployment compensation and the employment-service programs are directly related to other functions conducted by the United States Department of Labor, such as the programs of Apprentice Training Service, the Division of Labor Standards, the Women's Bureau, and the Bureau of Labor Statistics. The minority fails to find any relationship whatsoever between either the unemployment compensation or the United States Employment Service program and education, public health, cancer control, public assistance, infant and child care, food and drug administration, St. Elizabeths Hospital, and similar programs administered by the Federal Security Agency.

LABOR FUNCTIONS SHOULD BE BROUGHT TOGETHER IN DEPARTMENT OF
LABOR

This Reorganization Plan No. 1, as a matter of fact, attempts to carry out the objective stated by the Republican Party in its platform of 1944 that—

Labor bureaus, agencies, and committees are scattered far and wide in Washington and throughout the country, and have no semblance of systematic or responsible organization. All governmental labor activities must be placed under the direct authority and responsibility of the Secretary of Labor.

The conclusions reached in the majority report are a complete repudiation of this plank of the Republican Party platform, despite the fact that it was President Taft who signed the act of 1913, establishing the United States Department of Labor. Oh, yes, the Republican Party gives lip service, but its performance is a horse of a different color. It flagrantly ignores its pledge made to the people of this country less than 4 years ago.

In view of the pledges made by the Republican Party, one might think that the continued progress of the Department of Labor under Republican influence was assured. Congress, under the domination of the Republican Party, however, has moved in the direction of stripping away from the Department of Labor many of its basic functions. They have stripped the Department of Labor of the United States Conciliation Service. They have cut the appropriation of the Department so that not a single major function has escaped their slash. In addition, the substantive laws administered by the Department for the protection of wage earners—specifically the Fair Labor Standards Act—have been seriously weakened. And now they would complete their mayhem by removing the United States Employment Service from the Department of Labor where it has so successfully operated. They would ignore the fact of the importance of this program to other programs administered by the Department. If the function of finding jobs for workers is not a Labor Department function, then we are at a complete loss to conceive of any function that belongs in that Department.

The minority has rarely served on a committee where more confused and irrelevant testimony has been presented. When all of the testimony presented in opposition to Reorganization Plan No. 1 is boiled down, it comes to two allegations which were wholly unsupported. One allegation proceeds on the thesis that the Labor Department is a protagonist of organized labor, and that its actions through the Secretary of Labor will be biased and prejudiced so as to adversely affect the unemployment compensation and employment service programs. The other allegation is that employers will not use the facilities of the public employment offices if the Federal part of the system—the United States Employment Service—is located in the United States Department of Labor. Witnesses were requested time and again to cite a single instance or any concrete evidence of action by the United States Employment Service which was not in the best public interest. No witness opposing the reorganization plan was able to produce any facts to support the fear that prejudicial actions would be taken by the Department of Labor if these two programs are permanently placed there.

Witnesses from some of the largest industrial States appeared before the committee in opposition to the reorganization plan, placing the unemployment compensation and employment service programs in the Department of Labor. Yet, ironically, in these States, from which the witnesses came, the two programs are administered in the State departments of labor. It is important to remember that employers' contact in connection with these programs is with the State agency and not with the Federal Government. Allegations that employers will not use the facilities of the employment offices if the United States Employment Service is located in the Department of Labor are ridiculous in face of the actual record of experience and performance. In this connection the committee was regaled with an unparalleled flood of inconsistent, confused, and contradictory testimony from those who piously professed fear of the United States Department of Labor.

EMPLOYMENT SERVICE ESTABLISHES ALL-TIME RECORD

Since 1945, and while the United States Employment Service has been located in the United States Department of Labor, the number

of job placements made by the public employment offices over the country, and the number of job orders received by those offices from employers have been greater than ever before in the peacetime history of the public employment service. Today, this country has an effective, public employment service system which has achieved a recognized position in our economy. It has played a vital part in the reconversion from war to peace, and is making an important contribution to the occupational readjustment of our civilian labor force and the integration of millions of former servicemen into our civilian economy. During the fiscal year 1947, almost 100,000,000 calls were made upon local employment offices for job assistance, employment counseling, unemployment insurance or servicemen's readjustment allowance claims, or for other services given by these employment offices. Almost 2,000,000 employer-service calls were made by these offices, evidencing the effectiveness of the employer relations program. Seven million job placements were made, with almost 40 percent of these in manufacturing industries, where the better paying and more stable jobs are found.

This experience during the period since the United States Employment Service was returned to the United States Department of Labor contrasts sharply with the prewar experience when only a very small proportion of job placements were made in manufacturing industries and when most employment-office activities were concerned largely with part-time low-paying jobs in the service, household, and similar employments.

This Reorganization Plan No. 1 will bring about an organizational pattern in the Federal Government similar to that adopted by almost every State. The plan provides that the administration in the Federal Government of both unemployment compensation and the United States Employment Service will be directly under a Commissioner of Employment who will have responsibility in the Federal Government closely comparable to that of similar administrators in the State governments.

REORGANIZATION PLAN DOES NOT AFFECT EXISTING STATUTES

It should be clearly understood that the reorganization plan in no way affects the existing Federal or State laws governing the administration of the unemployment compensation and the United States Employment Service programs. This plan confers no authority on Federal authorities to issue rules or regulations concerning the payment or denial of benefits or the eligibility of claimants for such benefits. These are solely matters of State law subject only to certain limitations contained in the Federal legislation enacted by Congress.

The Federal personnel now engaged in the administration of these two programs would continue to carry out their present responsibilities regardless of the particular department of Government in which these two programs are located. The fact that, with the acceptance of this reorganization plan, personnel now in the Federal Security Agency would be transferred to the Department of Labor, provides no basis for the pretended fear that their actions or interpretations of the legislation they administer would be suddenly affected.

It is significant that when the permanent location of the United States Employment Service in the Department of Labor was under

consideration last year, not a single employer witness expressed the slightest fear of the Department of Labor being biased in its administration of the United States Employment Service. The sudden manifestation of hysteria leads inescapably to the conclusion that the opposition to this reorganization plan is motivated by considerations not contained in the plan itself. Implicit in some of the testimony was a strong desire to force the Federal Government to renounce its responsibility for any participation in these two programs so vital to the Nation's welfare.

The major stated objection to plan No. 2 of last year was that it provided for the administration of two closely related programs in separate Government agencies. In fact, some of the witnesses were obviously beginning an advanced campaign to cut these two vital programs away from all Federal participation. As for unemployment compensation, proposal was made during these hearings that even the benefit trust fund now held in the United States Treasury be returned to the States rather than remain in the Federal Treasury for safe-keeping. There were some who advocated the abolition of Federal participation in the Federal-State system of public employment offices. They ignore the fact that the functions of the United States Employment Service under such circumstances would have to be duplicated in 48 States and at many times the present cost, because the United States Employment Service furnishes the technical services and materials, operating manuals and similar materials, essential in the operation of all local employment offices. The Federal-State cooperative system of employment offices was established for the very purpose of achieving greater economy and efficiency in providing public employment facilities to both workers and employers than could be provided by States operating individually.

Indeed, this was the principal objection upon which the majority rested its case last year in rejecting the proposal that the United States Employment Service be permanently located in the United States Department of Labor. It was to overcome this objection that this Reorganization Plan No. 1 provides for the placing of both unemployment compensation and the United States Employment Service permanently in the Department of Labor. Now faced with the opportunity to carry out their last year's contentions that these two programs should be placed together immediately in the same department, the majority has shifted its ground and dredged up fears, wholly unsubstantiated, that in the Department of Labor these programs will not be administered in the public interest.

It is evident from the committee hearings and the majority report that the majority members of the committee have given up hopes of gaining control of the executive department after the November election. If the Republicans had any hopes of gaining control of the executive department of the Government they must know that they would have had complete control of the policy making in the Department of Labor in January 1949. This pessimistic view of the majority members is very encouraging to the minority members of the committee.

The view has been expressed by members of the majority that no action should be taken on the reorganization of Government agencies until such time as the report of the Hoover Commission becomes available. It was stated that the President's reorganization plan is a

usurpation by the Executive of legislative responsibilities. Such a view fails to take account of the fact that the President's reorganization plan conforms with the obligations specifically placed upon him by the action of the Congress in the Reorganization Act of 1945. And, furthermore, it is significant to note, as was pointed out in the testimony on the Reorganization Plan No. 2, of last year, that in 1937 there was a President's Committee of Administrative Management, comparable to the Hoover Commission, which studied the functions and proper organization of the Federal Government. That committee in its report drew a sharp distinction between governmental functions based upon needs and those concerned with rights. That committee stated that programs based upon rights, such as unemployment compensation and the employment service, properly belong in the Department of Labor, while programs dealing with need, such as old-age pensions, public relief, child care, and public health properly belong in a department of welfare.

The position of the President's Committee of Administrative Management is the same as that held by the American Legion today. In a letter dated February 4, 1948, addressed to the chairman of this committee, the American Legion states its position as follows:

Hearings are being conducted on House Concurrent Resolution 131, the purpose of which is to reject Reorganization Plan No. 1, of January 19, 1948.

For the information of the committee, the American Legion is in favor of Reorganization Plan No. 1 for the reason that we believe that the Veterans' Employment Service and the United States Employment Service should be and remain in the Department of Labor.

Therefore, we trust that House Concurrent Resolution 131 will be rejected by your committee.

All State administrators who testified were agreed that in the interests of a sound, well functioning system of public employment offices and unemployment compensation, it is desirable and necessary that the two programs be brought together in the Federal Government without further delay.

CONCLUSION

In light of the above considerations, the minority is convinced that Reorganization Plan No. 1 of 1948 should be effectuated, and that the House Concurrent Resolution No. 131 should be rejected.

CARTER MANASCO.
JOHN W. McCORMACK.
WILLIAM L. DAWSON.
JOHN J. DELANEY.
CHET HOLIFIELD.
HENDERSON LANHAM.
W. J. BRYAN DORN.
FRANK M. KARSTEN.

Union Calendar No. 660

80TH CONGRESS
2D SESSION

H. CON. RES. 131

[Report No. 1368]

IN THE HOUSE OF REPRESENTATIVES

JANUARY 20, 1948

Mr. HOFFMAN submitted the following concurrent resolution; which was referred to the Committee on Expenditures in the Executive Departments

FEBRUARY 9, 1948

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

CONCURRENT RESOLUTION

1 *Resolved by the House of Representatives (the Senate*
2 *concurring), That the Congress does not favor the Re-*
3 *organization Plan Numbered 1 of January 19, 1948, trans-*
4 *mitted to Congress by the President on the 19th day of*
5 *January 1948.*

80TH CONGRESS
2D SESSION

H. CON. RES. 131

[Report No. 1368]

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 1 of January 19, 1948.

By Mr. HOFFMAN

JANUARY 20, 1948

Referred to the Committee on Expenditures in the
Executive Departments

FEBRUARY 3, 1948

Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued February 26, 1948
For actions of February 25, 1948
80th-2nd, No. 35

CONTENTS

Alcohol.....12	Fertilizers..... 2	Organization, executive..13
Appropriations.....12,17,18	Flood control.....18	Personnel.....12,31
Archives..... 4	Foreign affairs.	Prices, farm.....14,15
Budgeting.....5,10	Relief.....27	Remount service..... 8
Crop insurance.....29	Forests and forestry...6,12	Research
Education.....25	Furs.....12	Animal industry..... 1
Electrification.....21	Grain.....2,9,12,15	Rubber.....22
Electrification, rural...30	Housing.....11	Soil conservation.....19
Emergency powers.....2,9,24	Inflation.....20	Textiles.....23
Expenditures.....10	Information.....3,28	Tobacco..... 7
Farm program.....10	Lands, reclamation....10,12	Trade, foreign.....2,17
Fats and oils..... 2	Loans, farm.....12	Transportation.....16,26
Federal aid.....25	Livestock and meat.....1	Veterans' benefits...11,31

HIGHLIGHTS: Senate passed foot-and-mouth disease research bill. Senate debated bill to authorize grain allocation for alcohol production. Sen. Thomas (Okla.) spoke against Remount Service bill. Senate passed bill to continue export-control and allocation powers. Sen. Lucas criticized various Congressional investigations. Rep. Hone said reduced wheat prices are not reflected in reduced bread prices. Rep. Lonke urged cost-of-production floor for farm prices. Rep. Cooley introduced bill to amend Crop Insurance Act.

SENATE

- 1. FOOT-AND-MOUTH DISEASE.** Passed with amendments S. 2038, to authorize this Department to conduct research on this disease. Agreed to the committee amendment regarding employment outside of the Classification Act. Agreed to an amendment by Sen. Knowland, Calif., to provide that the laboratory shall be located: "on an island or other isolated area adequate to guard against the accidental spread of the virus." (pp. 1744, 1750-1.)
- 2. EXPORT CONTROLS; ALLOCATIONS.** Passed with amendment H.R. 5391, to continue allocation powers over certain materials, including tin; import controls over fats and oils, rice, nitrogen fertilizers, etc.; and export controls over certain fibers, petroleum, etc. under the Second Decontrol Act of 1947. Agreed to an amendment by Sen. Taft, Ohio, to continue these powers until May 31, 1948, instead of Mar. 31, 1948, the House date. (p. 1745.)
- 3. LIBRARY DEMONSTRATION.** Passed without amendment S. 48, to provide for demonstration of public library service in areas without such service or with inadequate library facilities (p. 1742).
- 4. ARCHIVES.** Passed without amendment H.R. 1350, to facilitate transfer to the custody of the Archivist of records no longer needed in current business of the various agencies (p. 1743). This bill will now be sent to the President.
- 5. BUDGET.** Sen. Aiken, Vt., explained the Expenditures in Executive Departments Committee condensation of the Federal budget and discussed various phases of

the report with Sen. Hayden, Ariz. (pp. 1721-2).

6. NATIONAL FORESTS. Reported without amendment H.R. 3175, to add certain public and other lands to the Shasta National Forest, Calif. (S.Rept. 928) (p. 1718).
7. TOBACCO. Received a Ky. Legislature resolution requesting USDA to rescind the order directing a 10-percent reduction in burley-tobacco acreage. To Agriculture and Forestry Committee. (p. 1717.)
8. REMOUNT SERVICE. Passed over on objection of Sen. Thomas, Okla., H.R. 3484, to transfer the Remount Service from the Army Department to USDA (pp. 1741, 1749-50). Sen. Thomas stated that he had no objection to the transfer of the stations in Virginia, Nebraska, and Calif., but thought the station in Okla. should be "made available for subdivision and use under the provisions of the Bankhead-Jones Farm Tenant Act." He further stated that he thought the bill should be referred to the Agriculture and Forestry Committee (pp. 1749-50).
9. GRAIN ALLOCATION. Began debate on S.J.Res. 186, to authorize allocation and inventory control of grain for the production of ethyl alcohol (pp. 1751-6). Earlier the resolution had been passed over on a call of the calendar at the request of Sen. Caphart, Ind. (pp. 1746-7).
10. INVESTIGATIONS. Rejected Sen. Lucas' motion to reconsider the vote by which the Senate agreed to S. Res. 189, which makes \$125,000 available to the Expenditure in the Executive Departments Committee for investigations, etc. Sen. Lucas criticized various Congressional investigations, claimed that the cost of Congress has gone up greatly under the Republicans, stated that "the President's 1948 budget will not have been cut by a single dollar", and said it would be possible under this resolution for the Expenditures Committee to "investigate the farm program if it wants to." Chairman Aiken of the Expenditures Committee debated several of these points with Sen. Lucas. Sen. Knowland charged that the Reclamation Bureau made false statements during appropriation hearings. Sen. Lucas presented and discussed S. Con. Res. 44, to provide various protections and rights for witnesses at hearings before investigating committees. (pp. 1727-40)
11. HOUSING. Sen. Johnston, S.C., urged legislation to authorize RFC to purchase home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 (pp. 1656-7).
12. BILLS PASSED OVER: The following were among the bills passed over:
 - S. 669, to provide for the payment of a bonus of 30¢ a bushel on wheat and corn produced and sold between Jan. 1, 1945 and April 18, 1946 (p. 1740).
 - S. 299, to extend the reclamation laws to Arkansas (p. 1741).
 - S. Con. Res. 6, to include all general appropriation bills in one consolidated appropriation bill (p. 1741).
 - S. 430, to cover national farm loan associations and production credit association employees under the Civil Service Retirement Act (p. 1743).
 - S.J.Res. 164, to authorize RACC to make loans to fur farmers (p. 1743).
 - At the request of Sen. Cordon, Ore., H.R. 1809, to facilitate the use and occupancy of national forest lands (p. 1747).
 - S. 2142, to transfer the Muscatine, Iowa, alcohol plant to USDA for processing agricultural commodities (p. 1748).

HOUSE

13. EXECUTIVE REORGANIZATION. Agreed to H. Con. Res. 131, which would disapprove the President's Reorganization Plan No. 1, 1948, to transfer the U.S. Employment

Service and the Bureau of Employment Security from the Federal Security Agency to the Labor Department (pp. 1767-81).

14. WHEAT PRICES. Rep. Hope, Kans., stated that while the price of wheat has dropped about 70¢ per bushel, there have been no reductions in the price of bread, taking the country as a whole (p. 1766).
15. FARM PRICES. Rep. Lenke, N.Dak., said that the farmer is not responsible for the high cost of living and that in the past he has received less than the cost of production for many of his products, and urged legislation to give the farmer "cost of production or at least 100-percent parity" (pp. 1763-5).
16. TRANSPORTATION. Rep. Rankin, Miss., urged construction of the Tennessee-Tombigbee Inland Waterway (pp. 1765-6).
17. EXPORT CONTROLS. Received from the President (Feb. 23) a supplemental appropriation estimate of \$1,500,000 (Commerce Department) to provide for the administration of export controls and voluntary agreements from Apr. 1 to June 30, 1948 (H.Doc. 541).
18. FLOOD CONTROL. Received from the President (Feb. 23) a supplemental appropriation estimate of \$1,600,000 (Army Department) for enlargement of St. Lucie Canal and River to provide a needed increase in discharge capacity from the Lake Okeechobee (Fla.) thereby reducing hazard from floods (H.Doc. 537).

ITEMS IN APPENDIX

19. SOIL CONSERVATION. Rep. Plumley, Vt., inserted Vt. Soil Conservation District Supervisors Association resolutions urging Federal assistance through SCS, improved programs of aid to farmers, PMA committee responsibility for incentive-payment, crop-insurance, and other programs, use of cash payments and production aids as production-adjustment incentives, housing of all agricultural agencies in a county in one building, county representation on USDA council, and increased appropriations for SCS (pp. A1160-1).
20. INFLATION. Rep. Busbey, Ill., inserted his Republican article, "Inflation Comes From the Acts of Government" (pp. A1161-2).
21. ELECTRIFICATION. Sen. Russell, Ga., inserted a Collier's magazine article, "Our Lights Are Going Out" (pp. A1177-9).
22. RUBBER. Rep. Shafer, Mich., inserted a Washington Star editorial, "Synthetic Rubber for War" (pp. A1166-7).
23. TEXTILES. Sen. Sparkman, Ala., inserted Douglas Comer's N.Y. Journal of Commerce article on the textile situation (pp. A1157-8).
24. CONTROLS. Rep. Foote, Conn., inserted a New England Homestead editorial opposing "control measures" (pp. A1187-8).
25. FEDERAL AID. Rep. Smith, Wis., inserted an Elkhorn (Wis.) Independent editorial opposing Federal aid to the States (pp. A1183-4).
Sen. Kilgore, W.Va., inserted Oscar R. Ewing's (Social Security Adm.) article favoring Federal aid to the States for education (pp. A1152-3).
26. ST. LAWRENCE SEAWAY. Extension of remarks of Rep. Butler, N.Y., opposing this project (pp. A1158-9).

27. FOREIGN AID. Various remarks and insertions on foreign aid (pp. A1160, A1180, A1186-7, A1187).
28. LIBRARY DEMONSTRATION. Extension of remarks of Rep. Fatman, Tex., favoring S. 48, the library demonstration bill, and including newspaper editorials on the subject (pp. A1184-5).

BILLS INTRODUCED

29. CROP INSURANCE. H.R. 5564, by Rep. Cooley, N.C., "to amend the Federal Crop Insurance Act, as amended." To Agriculture Committee. (p. 1782.)
30. RURAL ELECTRIFICATION; APPROPRIATIONS. H.R. 5554, by Rep. Hull, Wis., making an additional appropriation to carry out the provisions of the Rural Electrification Act for the fiscal year ending June 30, 1948. To Appropriations Committee. (p. 1782.)
31. PERSONNEL; VETERANS' BENEFITS. S. 2224, by Sen. Ferguson, Mich., to amend the Veterans' Preference Act with respect to the priority rights of veterans entitled to 10-point preference under such act. To Post Office and Civil Service Committee. (p. 1718.) Remarks of author (p. 1719).

- o -

COMMITTEE HEARINGS ANNOUNCEMENTS for Feb. 26: H. Agriculture, permit banks for cooperatives to convert to farmer ownership (Davis, Co-op Council, to testify); H. Appropriations, agricultural, Interior, and Navy appropriations (ex.); S. Appropriations, urgent deficiency appropriations; H. Banking and Currency, import control, etc. (Dodd to testify); S. Foreign Relations (ex.) and H. Foreign Affairs, foreign aid; S. Interior and Insular Affairs, Indian reservations in Alaska; S. Public Works, Federal aid highway bills; H. Public Works, black market sales of farm equipment.

- o -

For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 113 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

- oOo -

PERMISSION TO ADDRESS THE HOUSE

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

GALLINGER HOSPITAL

Mr. KEEFE. Mr. Speaker, I cannot permit to go unchallenged a statement that appeared in the RECORD under date of February 23 at page 1626 made by the gentleman from Mississippi [Mr. RANKIN].

I shall answer this statement at great length at some subsequent time. May I say, however, for the benefit of the RECORD now that when the gentleman from Mississippi made the statement that the people at Gallinger Hospital are being threatened with an order which proposes to impose colored doctors upon white patients, he is discussing a program of which he is not advised.

May I say to the Members of Congress that as chairman of the Subcommittee on Labor and Federal Security Agency appropriations we have been trying for years to build up the medical school of Howard University and all that has ever been suggested was that the colored segregated sections of Gallinger Hospital be opened for clinical purposes to the students and doctors of Howard University in order that we might be able to build up that college and provide the clinical facilities that are required by the association of colleges. There has never been the slightest suggestion at any time on any one's part that there would be colored physicians put out at Gallinger to treat white patients, and that statement of the gentleman from Mississippi is just as wrong as many of the other inflammatory statements which he makes on the floor of this House in an attempt to stir up race prejudice that ought to be subdued rather than stirred up.

Mr. RANKIN. Mr. Speaker, I demand that those words be taken down.

The SPEAKER. The Clerk will report the words objected to.

The Clerk read as follows:

And that statement of the gentleman from Mississippi is just as wrong as many of the other inflammatory statements which he makes on the floor of this House in an attempt to stir up race prejudice that ought to be subdued rather than stirred up.

The SPEAKER. The Chair is ready to rule. The Chair believes that the gentleman from Wisconsin has merely stated his opinion and did not reflect upon the character or integrity of the gentleman from Mississippi. Apparently a difference of opinion exists between the two gentlemen, but the Chair believes that the statement is not unparliamentary.

Mr. RANKIN. Mr. Speaker, since that untrue statement was made on the floor of the House, I rise to a question of personal privilege in order that I may answer it.

The SPEAKER. The Chair has just ruled that the words reported were not unparliamentary, and therefore the Chair is obliged to rule that a question

of personal privilege cannot be predicated upon the words taken down.

Mr. RANKIN. I will say to the Chair that I cannot understand why it is not unparliamentary for a Member to make a false accusation against me as the gentleman from Wisconsin did, and why I should not be permitted to answer him.

The SPEAKER. The Chair has passed upon the matter.

REORGANIZATION PLAN NO. 1 OF
JANUARY 19, 1948

Mr. HOFFMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the resolution (H. Con. Res. 131), Reorganization Plan No. 1 of January 19, 1948; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited not to exceed 2 hours, the time to be equally divided and controlled by the gentleman from Massachusetts [Mr. McCormack] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of House Concurrent Resolution 131, with Mr. CANFIELD in the chair.

The Clerk read the title of the resolution.

By unanimous consent, the first reading of the resolution was dispensed with.

Mr. HOFFMAN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this resolution, House Concurrent Resolution 131, declares that the Congress does not favor Reorganization Plan No. 1 of 1948.

Something like a year ago the President sent down a somewhat similar plan. As I recall, that plan was disapproved by the unanimous action of the committee to which it was referred. The House, without substantial objection, took similar action. The Senate also disapproved of the plan.

The gist of the present plan the President words this way:

I transmit herewith Reorganization Plan No. 1 of 1948, under the Reorganization Act of 1945—

This is the nub of it—

which transfers the United States Employment Service and the Bureau of Employment Security to the Department of Labor.

The committee held rather extensive hearings and again disapproved the plan. Boiled down, the reasons for the disapproval seem to be these:

The Labor Department was created for the purpose of giving special consideration to those who are employees and to legislation proposed for their benefit. Not only was it created for that purpose but ever since it was created down to the present moment it has, so to speak, been a partisan advocating the advancement of labor interests. Do not mistake my meaning. As far as I know, no one on

the committee finds any fault with that attitude. That is the job of the Labor Department, and because that is the job of that Department, that is, the protection and the advancement of the interests of labor, the committee felt that it was not wise to transfer to it permanently the unemployment agency and— and more stress has been laid upon this than upon the first—the functions of administering unemployment compensation. Those functions should be either in the Federal Security Agency or preferably, in a separate, neutral, independent agency.

The reason for that conclusion is that the public generally, as distinguished from either employees or employers, is concerned with the expenditure of the some \$8,000,000,000, which at present has been taken from employers to create the fund now on hand.

That fund, although in the first instance paid by the tax levied upon pay rolls, is ultimately paid by the consuming public.

That is all that need be said upon that particular phase of the case, but this should also be said: The Congress, by Public, No. 162, of the Eightieth Congress, first session, created a Commission on the Organization of the Executive Branch of the Government. It was based on the so-called Brown resolution.

Four of the members—Herbert Hoover, Chairman; Dean C. Acheson, Vice Chairman; James Forrestal, Secretary of Defense; and Arthur S. Flemming, Civil Service Commission—were appointed by the President. Four—George H. Mead, Dayton, Ohio; George D. Aiken, Senator from Vermont; John L. McClellan, Senator from Arkansas; and James K. Pollock, of Ann Arbor, Mich.—were appointed by the President pro tempore of the Senate. Four—Joseph P. Kennedy, of Hyannis Port, Mass.; Clarence J. Brown, Representative from Ohio; Carter Manasco, Representative from Alabama; and James H. Rowe, of Washington, D. C.—were appointed by the Speaker of the House.

The Commission, as you will note, is nonpartisan and it would be difficult to find a group more competent and unbiased.

The Congress gave that Commission, which will report shortly after the next Congress convenes, \$750,000 for a study of the National Government and for the proposal of any measures which it may find will simplify and make more efficient and less costly the operations of the executive branch of the Government.

Someone said during the hearings that they were asking for an additional \$1,000,000 to bring in an over-all reorganization plan which will improve the efficiency and to lessen the cost of the Government agencies. So to me it seems a little absurd to suggest at this time that we should have piecemeal reorganization plans for the executive department.

While it is true that the appointment of that Commission and its functioning is not to interfere with the suggestion by the President of any particular plan for reorganization, it is also true that the adoption of piecemeal reorganization

might well interfere with an over-all, coordinated plan of reorganization.

If we adopt this or other suggested reorganization plans which come from the White House, we may, in the end, after the Commission's report is in, find ourselves disposed to scrap these plans and adopt the plans recommended by the Commission.

It seems no more than the use of common sense to suggest that we wait and get the results of this expenditure of what may be from \$750,000 to \$1,750,000 by a nonpartisan, fully qualified commission made up of men who have had experience along the lines of reorganization.

There is no reason to anticipate political implications in the report of that Commission. The result of the present plan, if adopted, fairly bristles with opportunities to obtain political support for one candidate or another, one issue or another.

The resolution should be adopted.

Mr. McCORMACK. Mr. Chairman, I yield myself 10 minutes.

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, the remarks just made by my distinguished friend from Michigan, the chairman of my committee, mildly expressing myself but being frank with the House, constitutes the weakest argument I have ever heard my friend make. While I have very frequently disagreed with my friend, I have always admired him for at least making an argument consistent with what I considered his wrong premises, but on this occasion his argument is not even connected with the erroneous premise that his position is based upon. He says that this is substantially the same plan as last year. Last year the proposal was to put the United States Employment Service permanently in the Department of Labor. The reason it was rejected last year was because the members of the committee felt that the United States Employment Service and the United States Compensation Service should be together in the same agency. This proposes to put them in the same agency and he is against this. Then he brings up the argument about the reorganization commission of which former President Hoover is chairman. He says we ought to wait and not do it piecemeal. I have here a copy of the report of last year. It came out of the Committee on Expenditures in the Executive Departments. I remember leading the fight for the resolution in the committee. I also spoke for an increased appropriation. The appropriation, as a matter of fact, was increased \$500,000 in the Committee of the Whole. When I supported by friend from Michigan, Mr. Brown—

Mr. BROWN of Ohio. I am from Ohio.

Mr. McCORMACK. Yes; they are both great States. In any event, the gentleman from Michigan [Mr. HOFFMAN] now says we ought to wait until the Hoover Commission makes a report and not do things piecemeal. What did my friend say last year? Here is the

committee report on the bill for the establishment of a Commission on the Organization of the Executive Branch of the Government.

Here is what it says in part:

The committee wishes to point out that the establishment of the Commission provided for in this bill—

That is the Hoover commission—

will in no way supersede or interfere with the functions and work of any congressional committee, or with the rights and prerogatives of the President to reorganize the executive department under the provisions of the Reorganization Act. Instead the findings and recommendations of the Commission will be of great benefit and aid to the Congress and its committees, and to the President. While the Commission is in existence, various congressional committees will be entirely free to continue their usual work of investigation and study of the activities and functions of the various divisions of Government coming under their jurisdiction; and the President may order departmental reorganization just as he has done in the past.

I wonder where that leaves my dear and valued friend from Michigan [Mr. HOFFMAN].

Mr. KARSTEN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield. Yes, but not to embarrass the gentleman from Michigan any more, but to make a little contribution.

Mr. KARSTEN of Missouri. It was pointed out in the hearing that if this plan was adopted it would result in a saving of about \$50,000.

Mr. McCORMACK. That is correct.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HOFFMAN. Would that saving be similar to that which we got on the unification bill when we found that it would cost more money?

Mr. KARSTEN of Missouri. Surely the gentleman recalls the promise of the Bureau of the Budget before the committee.

Mr. McCORMACK. I have before me an article which appeared in the Washington Star of February 15, which was written by Gerard D. Riley.

I know Gerard D. Riley very well, and I like him. He was a member of the National Labor Relations Board. I do not know what part he played but I think he played an important part in writing the Taft-Hartley bill. He should be a pretty good person for me to quote to Republicans. Gerard Riley's article says in substance that unless this reorganization goes through, the Department of Labor is practically shorn of any activity or of any responsibilities. I shall insert that article in the RECORD.

The Department of Labor in a Cabinet status is the child of the Republican Party. On March 4, 1913, President Taft approved the act of Congress which created the Department of Labor, headed by a Secretary having Cabinet status. We now see a Department created by a Republican Congress and a Republican administration being destroyed by a Republican-controlled Congress. The act had for its purpose bringing together into one department of the executive branch those functions of government pertaining

to employment problems, relations between employer and employee, activities concerned with promoting job opportunities for wage earners. That was 35 years ago. Even at that time this move was considered an outstanding accomplishment in sound governmental administration. We now see what has happened. There is nothing left. Very little activities left. The Department of Labor, still having a Cabinet status, but its voice silenced because it has very little activity and very little jurisdiction.

This reorganization plan is entirely different from the reorganization plan of last year. Last year did not concern both. The reason the plan was rejected last year was because it was felt by the overwhelming membership in the committee on both sides that the United States Employment Service and the unemployment compensation should be in the same agency, that stress should be emphasized upon employment rather than upon the payment of compensation, and that if you had one in one agency and the other in another agency you could not have that coordination which would enable stress to be laid in the first instance upon employment, because when that was emphasized and employment was obtained, the payment of unemployment compensation was unnecessary.

Now this is what this plan of the President seeks to accomplish; to put it in the Department of Labor. Certainly that is where it belongs. Now we have this position where my good friend the gentleman from Michigan [Mr. HOFFMAN], having his feelings, as he does—just as soon as labor is mentioned, or the Labor Department, he has an honest but unjustifiable fear. He introduced a resolution to turn it down. What are his two arguments? First, that it is the same as last year. It is not the same as last year. It is just the opposite of last year. It was turned down last year because they were left in separate agencies. Now when they are being put in one agency it is turned down also.

Then the gentleman talks about the Hoover commission, and his very report of last year said it was not intended that reorganization plans should not be submitted by the President while the Hoover commission was in operation. Naturally so. It was only a few days ago that I understand former President Hoover, in response to a question, said that it was not intended, or words to that effect, that reorganization plans should be withheld until after the Hoover commission had made its recommendation to Congress. It should be called the Brown commission, because the gentleman from Ohio [Mr. BROWN] is the gentleman who introduced the first resolution and I want to give credit where credit is due.

Mr. Chairman, I yield myself two additional minutes.

So, Mr. Chairman, knowing what the results probably will be, the whole premise upon which they are predicated as advanced by the gentleman from Michigan [Mr. HOFFMAN] is inconsistent with the history of only last year and this year in the committee, and inconsistent with the action that should be taken.

I feel very, very sorry in a sense, because of my personal regard for my friend from Michigan—and I mean this, it comes from the depths of my heart, not the Democratic, but the heart of JOHN McCORMACK, the individual, to see my friend on one of the many occasions when he is wrong in his premises being on one of the few occasions inconsistent in his argument with his erroneous premises.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HOFFMAN. First I wish to say that the great love evidenced for me is returned tenfold. Now, there is something that has happened, you know, since and the position is the same as it was last year and the same reasons exist that I think the gentleman is in error. Recently the Secretary of Labor appeared before a subcommittee of the Labor Committee and showed that the administration does not intend to use the law passed by Congress, the Taft-Hartley Act, but is trying to bypass it here in Washington.

Mr. McCORMACK. See! My friend exposes his state of mind, as I said, in his honest but unjustifiable fear where the word "labor" is used. The gentleman's observation is the most powerful evidence I could receive from any source in support of the statement that I made. [From the Washington (D. C.) Sunday Star of February 15, 1948]

LABOR DEPARTMENT WAGES FIGHT FOR ITS EXISTENCE—FUTURE OF TRUNCATED AGENCY AT STAKE IN REORGANIZATION CONTROVERSY

(By Gerard D. Reilly)

Established 30 years ago by one of the last acts of Congress signed by President William Howard Taft, the Department of Labor now is engaged in a serious battle in Congress, upon the outcome of which its right to any real existence depends. Should the Senate follow the example of the House and reject President Truman's reorganization plan for placing the United States Employment Service and the Division of Unemployment Compensation under the supervision of the Secretary of Labor, its continuance as an agency of Cabinet status would be an anomaly.

By operation of the termination clause in the War Powers Act, the Employment Service would be absorbed by the Federal Security Agency if the reorganization plan fails. Without this important unit, the Department would consist largely of two autonomous bureaus, the Wage and Hour Division, which administers the fair labor standards and the Walsh-Healey public-contracts acts, and the Bureau of Labor Statistics. Each of these bureaus now is headed by an officer appointed by the President with the advice and consent of the Senate and operates with a minimum of attention from the Secretary's office.

Three other large bureaus, identified with the Department for a quarter of a century, have gone elsewhere. The Immigration and Naturalization Service, transferred to the Department of Justice as a wartime expedient, never has been returned. Under a Truman reorganization plan in 1946, the Children's Bureau was liquidated and its functions under the Social Security Act vested in the Federal Security Administrator. Then Congress in 1947 made the Conciliation Service an independent establishment.

When the Congressional Directory lists the Department of Labor as including two other operating agencies, these are so tiny that they might more appropriately be assigned

to a section of the Wage and Hour Division. One is the Women's Bureau, whose mission largely was fulfilled when the Supreme Court upheld the constitutionality of State minimum-wage legislation for women and minors. This legislation, in turn, ceased to be important when Congress passed the Fair Labor Standards Act in 1938.

The other is the Division of Labor Standards. Despite its imposing title, this agency has no organic act on the statute books. Its primary assignment has been to promote State legislation in the field of factory inspection with particular reference to health and safety. This function also largely is obsolete by reason of the broad construction placed by the Supreme Court in recent years upon the commerce clause of the Federal Constitution.

It, therefore, is vital to the Department, if it is not to sink into insignificance, to have the authority for coordinating the field of officers of the Employment Service with the administration of unemployment compensation. The Senate last year approved the principle of consolidation. The attempt of the Social Security Board to bring about this reform before the war proved a dismal failure because of its willingness to let State politicians have a free hand in the spending of Federal funds. Consequently, there was considerable sentiment in Congress for entrusting this responsibility to the Labor Department.

Unfortunately, the ultimate success of the plan now has been jeopardized by penalties. Beset by some evil genius, Secretary Schwel lenbach, at the very time that the proposed reorganization was under review by the House Committee on Executive Expenditures, became embroiled in a matter wholly beyond the concern of his Department—the strike called by the CIO in the Government cafeterias. His intervention stirred the wrath of Representative HOFFMAN, whose labor subcommittee was looking into the matter. On this particular issue, the Michigan Representative happened to be right, for the only issue involved arose under the National Labor Relations Act—a question of whether the union still has a majority.

Even when the Conciliation Service still was in the Department of Labor, such controversies always were considered to lie within the exclusive province of the Labor Board. In this instance, the union under the new labor law had disqualified itself from using the facilities of the board.

Had the Secretary's ill-advised venture as a mediator succeeded, it would have meant that Communist-dominated unions like the United Public Workers, CIO, would gain a tactical advantage by defying the law. The right of every union to request an employer to enter into a contract with it depends upon its representation of a majority of the employees. A union which files the requisite documents still runs the risk of defeat in a Labor Board election and it would seem absurd to relieve a noncomplying union from this danger.

The Secretary's failure to grasp the significance of the issuance impaired his standing in the House. After his testimony before the Hoffman subcommittee, the Committee on Expenditures, also headed by the Michigan Representative, rendered an adverse report on the reorganization plan which the House adopted.

Mr. Schwel lenbach is a former Senator and a former Federal judge. As was the case with his predecessor, Miss Perkins, the fact that he was not selected from the ranks of organized labor was based on the intent of keeping the department aloof from union politics. It is to be hoped that in the interest of preserving his agency from further dismemberment, he will dispel this impression of partisanship when the plan is being considered in the Senate.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BUCHANAN. Mr. Chairman, I wish to ask a question and to make a point. If unemployment compensation and the United States Employment Service programs which deal with employment and the wage earner do not properly belong within the United States Department of Labor, then what programs do belong in the United States Department of Labor?

In the last Presidential campaign the Republicans offered labor a sugar-coated pill. In a plank in their 1944 platform they promised they would strengthen the Department of Labor if they got the chance. Their performance since they have had the chance has been not to strengthen but to consistently disintegrate the Department of Labor until we have little left in the way of a United States Department of Labor.

As for this Reorganization Plan No. 1, I am well aware that a highly organized campaign has been launched to create public and political pressure to defeat this plan. This propaganda campaign is being fostered by that employer-dominated organization—the Interstate Conference of Employment Security Agencies. Could it be that some of the State unemployment compensation administrators, who compose this group, are eager to get control of the Federal-State system of public employment offices in order to influence administration in a manner contrary to the best interest of labor rather than in behalf of workers who have earned job insurance? I am opposed to the trend of the concept of relief and public welfare permeating the administration of unemployment compensation.

It is my belief that the job insurance covering wage earners is an earned right, as well as a means for bolstering consumer purchasing power for communities. As job insurance, unemployment compensation is appropriately a Labor Department function. Furthermore, influence of public-welfare concepts in the administration of unemployment compensation and the United States Employment Service will be disastrous to both.

I hope this body rejects Concurrent Resolution 131, in order that Plan No. 1 may become law.

Mr. HOFFMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. HARNES].

Mr. HARNES of Indiana. Mr. Chairman—

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield for a question?

Mr. HARNES of Indiana. I yield.

Mr. NICHOLSON. In the 10 minutes at the disposal of the gentleman from Indiana [Mr. HARNES] I wish he would tell us what the gentleman from Massa-

chusetts was trying to convey to us. I asked several people what the honorable gentleman was talking about and apparently no one was listening; so I would like to ask the gentleman from Indiana [Mr. HARNESS] if he can tell us what the gentleman from Massachusetts was trying to convey to the body.

Mr. HARNESS of Indiana. Mr. Chairman, I shall not endeavor to interpret for the gentleman the remarks of my good friend from Massachusetts [Mr. McCORMACK]. I do, however, want to take a position completely in opposition to the gentleman who just addressed the House.

I think it would be a mistake to approve the President's plan to transfer both of these services, employment service and unemployment compensation, permanently to the Labor Department. In 1939, under a reorganization act the late President Roosevelt placed both of these services in the newly created Federal Security Agency. At that time or perhaps a little later, the Federal Government took over from the States the Employment Service and that was operated by the War Manpower Commission in the Federal Security Agency. These services remained in that Agency until after the war, when Mr. Truman under the War Powers Act transferred the Employment Service to the Labor Department. Of course, after the War Powers Act expires this service will go back to Federal Security Agency.

When Mr. Roosevelt recommended that the Congress approve his plan to consolidate and transfer these services to Federal Security Administration, he said:

The unemployment compensation functions of the Social Security Board and the Employment Service of the Department of Labor are concerned with the same problem, that of the employment or the unemployment of the individual worker. Therefore they necessarily deal with the same individual. These particular services to the particular individual are also bound up with the public-assistance activities of the Social Security Board. Not only will these similar functions be more efficiently and economically administered at the Federal level by such grouping and consolidation, but this transfer and merger will also be to the advantage of the administration of State social-security programs.

There is just as much reason why these functions should be consolidated in a neutral agency now as there was at the time the late President put them in the Federal Security Agency. As a matter of fact, I think there is more reason for it now than then. Last year after Mr. Truman had transferred, under the War Powers Act, the Employment Service to the Labor Department he sent to the Congress Reorganization Plan No. 1 of 1947 which would have made that transfer permanent. The Congress rejected that plan, intending, of course, that after the expiration of the War Powers Act that service would automatically go back and be consolidated with the Unemployment Compensation Service in the Federal Security Agency.

I do not believe these services should be in the Labor Department any more than they should be in the Commerce Department. The Labor Department was set up for the purpose of serving

the interests of labor of the United States, and that is its proper function. The Commerce Department was established for the purpose of serving and representing business. And that is a proper function of the Department of Commerce. I mention this because I believe it would be just as improper to transfer the employment and unemployment-compensation services to the Commerce Department as it would be to the Labor Department.

After all, there are three economic groups interested in the administration of these services: The general public, labor, and the employer. Each of these groups is entitled to fair and unbiased administration of these services. That could not be done by any department which serves one particular group. In the Labor Department, for example, the Secretary has two assistants, one from the American Federation of Labor and one from CIO—obviously, these men would be sympathetic toward labor, the economic group that they represent. I do not criticize them for that. They are just human beings. Employers and State administrators fully recognize this fact. Employer after employer testified before the committee that because of this fact they would not have the same confidence and probably would not use the service as much if it were placed in the Labor Department. Many of the State administrators testified that this transfer should not be made.

They pointed out many good reasons, among others, that the Labor Department would have the authority to make rules and regulations under which the States would operate; that the Labor Department, representing labor as it does, would be overly sympathetic toward labor to the detriment of the program, the employers and the general public. It was suggested that the Labor Department could and probably would change many of the rules and regulations now in effect, with a great deal of confusion resulting.

I am confident that the Federal Security Agency can and will administer these services more efficiently and economically and with complete neutrality. However, I would like to see both services turned back to the States with 100 percent offset. This would abolish the administration of this program at the Federal level. In fact, I am going to introduce a bill within the next day or two that will accomplish that purpose. If the Congress will approve such a bill it will accomplish a saving of five to six million dollars a year. I believe, too, that the States in turn could effect additional economies and have a more efficient administration. The States would also save some of the money that is now being diverted to other expenses of government.

Now let us see what the Federal agencies do that cost us some five to seven million dollars annually. The only service the Labor Department renders the States is the allocation to the States of their own money and making rules and regulations under which the States must operate. This money, as you know, is collected from the employers and placed in the general fund of the Treasury. The

Congress then appropriates to the Labor Department the amount necessary for administrative purposes for both the Federal and State levels. The same procedure is followed for Federal Security Agency in connection with the administration of unemployment compensation. For administering this program in the Labor Department during the 1948 fiscal year, the Congress appropriated \$4,739,894. The budget for this year for the Labor Department, for administering employment service at the Federal level is \$5,070,000, and for administering the offices in the States \$72,000,000, in round figures.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. HOFFMAN. Mr. Chairman, I yield the gentleman four additional minutes.

Mr. HARNESS of Indiana. In the Federal Security Administration which performs similar functions, we spent last year a cool \$1,072,170. This, mind you, was what the States paid Federal administrators for simply handing back to them their own money to defray their own administrative costs. The budget request for this year is \$1,150,000 for the same service.

I am firmly of the opinion that these expenditures for Federal level administration are a waste of money and should be stopped. We can stop this extravagance by permitting the States to collect and budget their own expenditures.

When this reorganization plan was under consideration in the executive departments, the Director of the Bureau of the Budget asked the Federal Security Administrator to give him his views, and under date of November 26, 1947, Mr. Oscar Ewing, the Administrator, directed a letter to Mr. Webb in which he pointed out some very good reasons why this transfer should not be made. Mr. Ewing's letter follows:

NOVEMBER 26, 1947.

HON. JAMES E. WEBB,
Director, Bureau of the Budget,
Washington, D. C.

DEAR MR. WEBB: This is in response to your letter of November 14, 1947, wherein you request that any new proposals for reorganization under the act of 1945 be submitted to the Bureau of the Budget by December 1, 1947. There are certain functions performed in other departments and agencies of the Government which might, in the interest of good administration, be transferred to this Agency. However, in view of the President's approval of Public Law 162, which provides for the establishment of a commission to survey the executive branch of the Government, I feel it would be well to withhold any additional proposals pending the report of that commission.

There are, however, certain proposals that were transmitted to you by the former Administrator under dates of December 4, 1946, and January 31, 1947. The recommendations contained in those letters should be considered in connection with any plan that might be presented to Congress prior to the expiration of the Reorganization Act of 1945.

Because of certain comments that appear regarding proposals to transfer elsewhere certain units of this Agency, particularly the Bureau of Employment Security, it might be well to emphasize again the relationship of this program to other programs of this Agency and likewise to point out again why it would be desirable to arrange for the re-

turn of the Employment Service to this Agency at the earliest possible date.

The Bureau of Employment Security is an integral part of the Federal Security Agency. It is part of a program designed to protect the homes of the Nation through provision for the minimum income essential for the maintenance of these homes during periods of unemployment. Coverage of old-age and survivors insurance and unemployment insurance is largely the same, and changes should be in the direction of uniformity of coverage for both programs. Because of the close administrative relationships existing between these two insurance programs and in order to assure the exchange of information between the two, it is essential that present administrative relationships be continued. Today State agencies are making extensive use of identical wage reports under both programs. For example, the new temporary program of unemployment insurance for seamen employed by the War Shipping Administration, administered by the State unemployment compensation agencies, utilizes old-age and survivors insurance wage records for determining unemployment benefit rights. To remove unemployment insurance from the agency administering old-age and survivors insurance would result in the need for developing new administrative channels to assure an adequate interchange of information. Such a separation would be detrimental to economical and efficient operations.

A further reason for integrated administration is the movement in the States to broaden unemployment-insurance laws to include payment of benefits during periods of temporary disability. This trend presents problems which would be extremely difficult to overcome with divided control of insurance activities. Congressional committees have held extensive hearings on the need for expanding old-age and survivors insurance to include permanent disability insurance. If the Congress should decide to provide for such benefits, it is essential that the two programs be jointly administered because there would be tens of thousands of cases in which citizens may first become entitled to temporary benefits under one program and may of necessity, because of inability to return to active employment, be transferred to a permanent disability roll of the other program. Because of this, temporary disability insurance provisions must necessarily be coordinated with any steps taken to develop permanent disability insurance protection as a part of the old-age and survivors insurance program. Such coordination would be extremely difficult unless the insurance programs have common concepts and administrative and financial relationships which, even then, would require continued review, revision and coordination. It is essential, therefore, that these insurance programs be administered together as a part of a broad single program of economic security.

With regard to the Employment Service, it is generally agreed that the pattern used in the States of combining unemployment insurance with the employment service should be followed at the Federal level. In fact, it was an action of the former Social Security Board that required applicants for unemployment benefits to expose themselves, through the Employment Service, to job referrals to all employers who might provide suitable employment. During the period the Employment Service was administered by the Board, grants of title III unemployment compensation insurance funds provided for over 80 percent of the operating costs of the employment offices.

In view of the above, I cannot see any justification for raising questions regarding this Agency's interest in an effective placement service. Actually the Employment Service flourished during the period it

was located in this Agency. If returned, it could be restored to its former place in the Agency without any confusion or interruption of service.

Accordingly, in considering the location of the Employment Service function, thought should be given to the operating relationships rather than to tradition.

The coordination of the two functions in this Agency would result in the simplification of Federal-State relations, as it would merely add one additional grant program to the 16 regular grant programs now administered by this Agency. In addition, it would be in complete accord with the fourth provision of section 2 (a) of the Reorganization Act of 1945, namely, "to group, coordinate, and consolidate agencies and functions of the Government as nearly as may be, according to major purposes."

In our Government today the departments operate in special fields. To illustrate, the Department of the Interior is concerned with the Government's natural resources; the Department of Agriculture, with farmers' problems; the Labor Department, with the relations of management and labor; the Commerce Department, with the problems of business. The functions of each of these great departments are of inestimable benefit to the citizens of this country, but they are all concerned with matters that are outside the citizen himself. The Federal Security Agency, on the other hand, deals with the individual citizen as a human being. It is interested in improving health, in expanding educational opportunities, and in furthering economic security. For these reasons, I feel that all functions which concern our citizens as human beings properly belong in this Agency.

It is my considered opinion that employment, compensation in the event of unemployment, compensation for temporary disability due to accident or sickness, extended disability benefits if provided, old-age insurance, survivor benefits, and assistance for those not eligible for insurance benefits are all inextricably bound together. Taken together, they go a long way toward providing economic security. Considered along with health and education, two other major functions of this Agency, they provide a well-rounded program to develop, protect, and assure the economic security of the human resources of this Nation.

Sincerely yours,

OSCAR R. EWING,
Administrator.

I thoroughly agree with the conclusion reached by the Administrator in opposing the transfer of these services to the Labor Department.

(Mr. HARNESS of Indiana asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. PRICE].

Mr. PRICE of Illinois. Mr. Chairman, the issue presented by Concurrent Resolution 131 against adoption of Reorganization Plan No. 1 of 1948, is whether the Federal responsibility for unemployment compensation and the United States Employment Service should be lodged in the United States Department of Labor, or lodged in the Federal Security Agency.

Hearings before the committee reveal, however, that witnesses appearing to oppose the placing of these two programs in the United States Department of Labor, ostensibly appeared to give their reasons as to why these programs should be in the Federal Security Agency, but actually they repeatedly requested liquidation of the Federal responsibility in

these two programs so vital to the entire economic structure of our country.

Testimony of these persons who would wipe out the Federal concern in the unemployment-compensation program, and change the present Federal-State cooperative Nation-wide system of public employment offices to 48 free-wheeling varieties, revealed ignorance of the programs they would destroy.

The issue presented by Concurrent Resolution 131 which would reject Reorganization Plan No. 1, is not whether the Federal Government should abandon its role in the unemployment-compensation program. It is not whether we should change the Federal-State character of our public-employment service to 48 separate and competing State services. And yet, most of the witnesses who testified ostensibly to give their reasons why the two programs involved should be placed in the Federal Security Agency rather than in the United States Department of Labor, actually made an advance appearance in their campaign to cut loose these two vital programs from all Federal participation.

As for unemployment compensation, a proposal was even made that the benefit trust funds now held in the United States Treasury be turned over to the States, rather than remain in the Federal Treasury for safekeeping.

As for the United States Employment Service, which is the Federal part of our Federal-State system: Those who have advocated abolishing the USES do not seem to know that if the USES is abolished, its functions will have to be duplicated 48 times and at many times the present cost, because the USES gives certain services to each State: such as technical materials, operating manuals, and a labor market information program which are essential in the operations of all local employment offices. Except for such central activities by the Federal Government, each of the 48 States must of necessity try to duplicate those functions. The Federal-State cooperative system of employment offices was established as the most economical and efficient method to provide public employment services to both workers and employers.

My amazement at the lack of information of those who advocate abolishing the USES, is surpassed only by my astonishment that these persons already are far into their campaign to destroy the USES. Let the millions of employers who regularly use the public employment offices, and the millions of workers who have found jobs through these offices take heed from the revelations in the hearings on this reorganization plan.

There are those who, if they can, will cause history to repeat itself, and again as after the First World War, liquidate the USES in the name of economy. Such action then in destroying so basic a democratic institution, took its toll in 1933 and the years immediately following, when the Federal Government had to set up hastily the National Reemployment Service to struggle in emergency fashion and without necessary preparation, until the USES could be established again,

which was done under the Wagner-Peyser Act.

Today the Federal-State system of State employment services affiliated with the USES has developed into an efficient, technically equipped institution which assists basically in the promotion of our national policy of full employment.

And yet, the majority of the witnesses who came before the committee ostensibly to urge defeat of the Reorganization Plan No. 1, actually came to strike the first of what they intend to be, death blows to the national interest in our unemployment compensation program and to the Federal part of our Federal-State public employment service.

The national interest is served, I believe, by the existence of the United States Department of Labor. If functions that logically belong in that Department are placed elsewhere, the Department of Labor will be a mockery.

Veterans' organizations are also interested in this matter. All Members of the House have received a letter from the national legislative representative of the American Legion stating that great organization's position. The Legion favors the President's plan because it believes the Veteran's Employment Service should remain in the Department of Labor. The Legion urges rejection of House Concurrent Resolution 131 and recommends acceptance of the President's plan.

I hope, therefore, this body will reject Concurrent Resolution 131, and thereby favor Reorganization Plan No. 1.

(Mr. PRICE of Illinois asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Chairman, the resolution we are now considering would better be entitled "A Resolution To Destroy the Department of Labor and To Create the Largest Bureau That Could Be Built by Congressional Folly."

Of course, the distinguished gentleman who is at the head of that bureau now, Hon. Oscar Ewing, a brilliant, well-trained man of the highest character and attainment, can find reasonable, or apparently reasonable, argument for it. Any gentleman who has ever headed any bureau can always find plausible arguments for its perpetuation and expansion, though, of course, few, if any, could hope to equal so distinguished, honorable, and able a gentleman as Mr. Ewing.

Today, the fight is again—and this is the only point on which I disagree with our whip, the distinguished gentleman from Massachusetts, and I think the gentleman from Michigan [Mr. HOFFMAN] is right in saying that it is the same old fight—to destroy the Department of Labor. To achieve that end, the opponents of the President's plan of reorganization of the Executive Department, are even willing to pay the price of magnifying the biggest bureau that could ever be built by congressional folly. What is the fight about? It was estimated that \$70,000,000,000 would be amassed in the Treasury to the credit

of this fund by 1970. We have whittled down the contribution from the citizens of the States to where it may not reach that astronomical figure by 1970.

But it will be the biggest fund that has ever been amassed in history. The fight is as to who shall control that money. Without increasing the personnel in that biggest bureau of the history of the Government by one employee, you will have there a bureau with more money power than has ever been entrusted to the Government itself, and it is utterly wrong in theory but particularly wrong in view of the repeated arguments that have been made by our friends on the Republican side—with which I agree 110 percent—against the concentration of power in Washington.

Mr. HARNESS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. Yes, sir. I am happy to yield to the distinguished gentleman from Indiana.

Mr. HARNESS of Indiana. Would my distinguished friend from Alabama support legislation to decentralize these agencies and turn them back to the States and let the States collect the money on this 3-percent pay-roll tax which finances these programs and make their own budgets and administer their own programs at the State level?

Mr. HOBBS. The answer to that is, quite positively, "Yes." I was going to comment on that because it was an argument which was advanced by you. I think that this is the nearest way by which we can hope to approach that most salutary situation.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. McCORMACK. Mr. Chairman, I yield five additional minutes to the gentleman.

Mr. HOBBS. Thank you, sir. Mr. Chairman, I know that every dime of this money is contributed by the people of the States. I supported the Dirksen bill to take the control of that money back to the States, where it belongs. I am for that objective, and I believe that the only way you will ever consummate that ideal is to take control out of the hands of the Bureau and make a start by putting it into the regularly constituted department of this Government, created for such purposes, and subject to the will of Congress. I believe that the people in the States, who now have charge to some extent, are the best custodians of that power. Why do I say so? Because every informed man on this floor knows that less than 5 percent of the jobs have ever been found, and that is the main job of the Employment Service, by either Federal agency or by State agency.

It is more than 95 percent true that jobs have been found by local people, and the closer you can take the power back to them the better. We are not speculating here on arguments that may be advanced ad infinitum. This is a proven fact that when this Bureau attempted to merge with the other eight branches of its welfare functioning, this business of job finding for the unemployed, the record showed failure. It is

inefficient to do the job. Not only so, but they had the power taken away from them after 3 years of that proven failure and given to a war agency that was created for the purpose of saving their face. Then this service was put back where the Congress has three times ordered it to be because it is a job-seeking function and ought to be in the department primarily charged with the burden of finding jobs, the Labor Department. Three times Congress has ordered it to be there. We created it there under the Wagner-Peyser Act. We have twice since ordered it to be restored and remain there, where it belongs. It can be administered there cheaper and with more hope of the restoration to the States of the authority to control the funds which the people of the States, and of the States alone, contribute for the purpose than in any other way.

Mr. HOFFMAN. Will the gentleman yield?

Mr. HOBBS. No, sir. I cannot yield just now. I am answering the other gentleman's question.

Mr. HOFFMAN. But the gentleman is not here now.

Mr. HOBBS. Whether he is or whether he will stay and listen to the answer, I am going to preach the gospel that you men have been preaching for many years, and if you do not like it I am sorry. The only hope of controlling local funds in the States where contributed, is not to run the risk of making the mistake we have made once under the force of the argument of wartime necessity, and seen it fail. Give it to an agency that is a regular department of this Government, which is subject to the will of Congress, and which cannot even buy a lead pencil without justifying the purchase before our Appropriations Committee and getting the authority of this Congress. There is no argument possible to justify this bill and the purposes are just as erroneous as the arguments that have been made for them through the years.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. HOBBS] has expired.

Mr. HOFFMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I am rather amazed at the argument that has just been made with reference to the character of the Federal Security Agency. It so happens that I happen to be chairman of the Subcommittee on Appropriations that furnishes the appropriations for the Labor Department, and the Federal Security Agency. If there is anything in government that I know anything about at all, it is with respect to the functioning of those two departments of government. When the gentleman makes the argument that this Division of Federal Security should be transferred to the Labor Department in order that Congress can control its funds, because it is going to be put in an old-line agency of government, I am simply amazed. You will see when the bill comes in from the committee this year that Congress has complete control of every dollar of expenditure that is

made by any bureau or division of the Federal Security Agency. That is not a sound argument.

I believe everyone will concede, who knows anything about this situation, that the function of the Employment Service at the Federal level, whatever function they should perform, should be consolidated as one consolidated operation with the Bureau of Employment Security, which is one of the bureaus of the Social Security Administration. In the past we have had a complete hodge-podge which has required the States to submit dual budgets, one to the Labor Department having charge of the USES and one to the Federal Security Agency that administers the grant-in-aid program for employment security, a perfectly ridiculous situation, when those two agencies of government in the States are effectively consolidated by action of the Congress which forced the return of the Employment Service to the States last December. We are agreed right here on one thing, that they should be consolidated. There should be one overall direction, one bureau, some place designated as the Bureau of Employment and Security handling unemployment compensation and the employment services which are closely related.

Does this proposal of the President accomplish any such purpose? It does not. It proposes to transfer to the Labor Department the Division of Employment Security that is now administered by the Social Security Administration over to the Labor Department and there have again two separate and distinct bureaus, one the USES and the other the Division of Employment Security. It will accomplish no savings. Having just come through hearings on this proposition, I know what I am talking about. It is not going to save a dollar of money and it is not going to do a single thing toward accomplishing anything by way of administration.

Have we not a peculiar situation? There is no legal authority in the law today for the maintenance or establishment of an employment service at all except as it is found under the provisions of the Wagner-Peyser Act that was adopted in 1933 and was on a matching basis by which the States provided matching funds to match Federal contributions. There is not anything in the law that justifies the maintenance of an employment service by the Federal Government at all.

What happened? In 1936 you passed the Social Security Act and you set up in that act the Division of Unemployment Compensation under title 3 and you permitted the levying of a 3-percent tax on pay rolls to provide the funds necessary to administer unemployment compensation in the States; and you provided that 90 percent of that 3-percent tax, or three-tenths of 1 percent you provided as a tax on pay rolls for the Treasury to administer what? To administer the unemployment compensation set-up in the States that are always operated under State laws as State functions. Then what happened? The Social Security Administration adminis-

tratively designated the Employment Service as the agency that would make the job survey under the unemployment compensation set-up; and thus they linked the Employment Service into the operations of unemployment compensation. As a result of that administrative action the Comptroller General held and the Attorney General held that they could attack these so-called title 3 funds to enable them to administer the entire employment service.

So we now find that the entire cost of maintaining the employment services in the States plus the entire cost of maintaining the unemployment compensation services in the States are being paid out of these title 3 funds and we have completely forgotten the provisions of the Wagner-Peyser law.

Mr. CHAIRMAN, the situation is this: We passed the Social Security Act with all of its interrelated titles. We put the administration of that under a Social Security Board. We now have it under a Social Security Administrator with the Board abolished under other reorganization programs. Now, you are proposing to take that vital function of social security out of the Social Security Administration and put it over into the Labor Department without consolidation with the Employment Service.

The question simply is this: Is that the proper place to handle unemployment compensation? Is that the proper body to put in charge of the regulations determining what is suitability of employment and all the other things relating to unemployment compensation and permitting a department which is prejudiced properly and rightfully in favor of labor to make regulations that will affect the solvency of the reserve funds that have been set up to pay unemployment compensation?

Those of us who have studied this program intimately and who have no desire to destroy the Labor Department, as the gentleman charges, but who want to integrate these two programs in a neutral place where they will serve the purpose of social security and job security, must come to the conclusion that to place them in the Labor Department permanently would be a terrible mistake.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Alabama.

Mr. HOBBS. I must confess, Mr. Chairman, that I may have been misled in my thinking to some extent following a speech of the gentleman several years ago from which I read now. I wish to ask a question in regard to it. Speaking of the transfer of USES to the Department of Labor the gentleman stated:

Those services by administrative action have now been sent back to the Labor Department, so we now have in the labor section of this bill the apprenticeship training and the United States Employment Service, again back in the Labor Department where they very properly belong.

I would like to inquire of the gentleman if he has changed his mind?

Mr. KEEFE. No; I have not changed my mind in the least. I think that was

a very proper statement to make at that time in view of the situation as it then existed. But it is now proposed to take the Division of Employment Security out of the Social Security Administration and put it over in the Labor Department. That is the crux of this whole situation and does not affect the other situation at all to which I was referring at that time.

I sincerely hope that in the interest of preserving a fair, decent administration of this whole program of employment security we will not permit this consolidation suggested in the reorganization plan to take place.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. McCORMACK. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, a month or so ago the President presented to Congress Reorganization Plan No. 1 of 1948 in order to place permanently the United States Employment Service and also the Bureau of Employment Security of the Federal Security Agency in the Department of Labor, where they belong. The majority of the Committee on Expenditures in Executive Departments now presents us with a resolution disapproving this plan. Mr. Chairman, I cannot for the life of me understand why we have set up the United States Labor Department to handle appropriate functions of this Government, and yet time after time this Eightieth Congress has refused to let this Department have jurisdiction over the very functions it was established to handle.

This kind of action is a complete paradox to me. We are thereby defeating the very purposes of achieving effective government for which the Labor Department was created. I am repeatedly being asked the question of why have we established a department of government for the purpose of tearing it down.

In considering Reorganization Plan No. 1, I have tried my best to find solid reasons which would militate against the permanent location of the United States Employment Service and the Bureau of Employment Security in their natural parent organization, the United States Department of Labor. I have heard no sound reason against this move—only excuses—excuses which at no time rise to the level of common sense.

Let us look closely at some of these excuses:

First. There is that ever-ready charge that the Department of Labor is a partial and biased agency. But, do we have before us facts or figures, or authentic instances which prove this charge? The United States Employment Service has operated 9 of its 15 years within the Department, yet no charge—much less proof—has been made that it has been biased. This record, free from charges of bias, and full of various kinds of services to employers, is enough to refute once and for all the vague, beclouded charges of favoritism toward labor.

Second. We hear that unemployment compensation insurance must be admin-

istered side by side with the old-age and survivors' insurance program now administered by the Federal Security Agency, and that confusion would result if these two programs should be located in different departments. Now, to appreciate the fallacy of this argument, it is necessary to bear in mind that the only role of the Federal Government in the unemployment compensation program is to insure the honest use of administrative grants-in-aid to the States, and to see that State personnel selected to run the State programs are chosen on a merit basis. These are limited supervisory functions. All of the operating in the field of unemployment compensation is done by the States under State laws. Determination of suitable work, merit rating systems to reduce pay roll taxes, and so forth, are all determined by State laws.

On the other hand, the old-age and survivors' insurance program is a Federal program, administered completely by the Federal Government. In this field, all of the operations, including tax collection, wage-record maintenance, benefit determination, and the calculation of risk are performed entirely by the Federal Government. I fail to see the slightest relation between this kind of an operation, and the dispensing of grants-in-aid of an entirely different State system to provide benefits for workers while they are looking for jobs. No one even slightly familiar with the two programs of old-age assistance and unemployment compensation will contend that they are related. These two insurance programs are entirely independent of each other.

Now, I have heard it said that the standards in the law relating to old-age and survivors' insurance are similar to words used in the Federal statutes which encourage State unemployment compensation systems, and that therefore one agency should administer all of these statutes in order to insure uniform interpretation. This argument might have carried some weight back in 1938, when all of these systems were just getting under way, and we were making interpretations without experience. But that was a long time ago. The statutes have since been interpreted time and time again. Many people know pretty much what they mean. Necessary consistency has been achieved, so that now this argument, like the others, sounds like a discarded phonograph record.

Third. I hear that abuse and corruption of the most horrible kind will result if the administration of the Federal responsibility in the unemployment-compensation program is placed in the Department of Labor. What abuse? And what corruption? Why, everyone familiar with these problems knows that the authority of the Federal Government in connection with unemployment compensation is very restricted. That authority cannot be extended, whether the Federal agency administering the program is the Federal Security Agency, or the Department of Labor, or the Geographical Survey. The cries that unlimited rule-making authority would be given to the Secretary of Labor if the

United States Employment Service should be placed in the Department of Labor is an insult to the intelligence of Members of this body. We all know that the USES is now operating in the Department of Labor and plan No. 1 does not in any way whatsoever affect the present authority of the Secretary of Labor.

You know, as well as I do, that payment or denial to workers of unemployment-compensation benefits is determined by State law alone, through State interpretation and administration, by State officials. The amount of unemployment-compensation benefits, for instance, is a matter governed by State law. It cannot be regulated by any Federal agency. Furthermore, definition of the suitability of work offered through State employment services is likewise a matter determined entirely by the provisions of State law. Within a broad framework, the States under their State laws, do exactly what they wish to do, and no Federal agency can do anything about it, by way of disregarding or amending State laws.

It is clear to me, and I believe to everybody else who knows about the programs, that all of the operating of unemployment compensation and employment services is done by the States and not by the Federal Government. It is in the States that policies are established for carrying out the work of these programs. Yet, in my State, Pennsylvania, both unemployment compensation and employment service functions have been coordinated successfully and for a long period of time in the Department of Labor, where they belong. I have never heard it charged in my State that the Department of Labor causes bias or partiality in the administration of these two programs. I am not impressed by the warnings that at the Federal level, with the coordination of these two functions in the Federal Department of Labor, the State administration and operations of these two programs will be impaired.

Mr. Chairman, let us look squarely at the real issue at stake here. It is simply whether we desire to carry out the principle stated in the Reorganization Act of 1945, to coordinate and consolidate functions by their major purposes, or whether we will arbitrarily repudiate this principle on one pretext or another.

Adoption of Concurrent Resolution 131, and thereby rejection of this Reorganization Plan No. 1, will mean only one thing to me. This Congress will be showing again its desire to scatter and impair the effective administration of labor responsibilities of the Federal Government. The defeat of Concurrent Resolution 131, and thereby adoption of Reorganization Plan No. 1, will mean an honest step toward better government in the interest of all.

CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D. C., February 11, 1948.

MY DEAR CONGRESSMAN: The Congress of Industrial Organizations is supporting the President's reorganization plan No. 1 of 1948. This plan provides for leaving the United States Employment Service permanently in the United States Department of Labor where it is now located. It also transfers to that Department the Bureau of Employment Se-

curity of the Federal Security Agency, and its unemployment compensation functions.

The Congress of Industrial Organizations is therefore, opposed to the House Concurrent Resolution 131 which has as its purpose the defeat of Reorganization Plan No. 1.

The United States Employment Service has been administered by the United States Department of Labor for 9 of the 15 years of its operation. As a part of that Department, the United States Employment Service has been able to establish itself in the confidence of workers and employers alike, and has contributed increasingly to the economic well-being of this country. This has been due, in a large measure, to the fact that in the Department of Labor the Employment Service has been able to use the services of other bureaus in the Department which contribute to maximizing and stabilizing employment. The continuation of the United States Employment Service in the Department of Labor is necessary to assure that the most effective service will be provided to employers, workers, veterans, handicapped workers, and the general public.

We recognize that there is a very close relationship between the Federal activities and functions of the United States Employment Service and the Bureau of Employment Security. A basic objective of our economy is the creation of employment opportunities and the placement of workers in jobs. The necessity for payment of unemployment benefits arises from the failure to achieve this objective. Coordination of these functions is essential and should be carried out through the Government Department most directly concerned with this objective.

Since its creation in 1913, the United States Department of Labor has been most intimately concerned with providing services to employers and workers so as best to promote opportunities for profitable employment, and in this connection has developed resources and facilities concerning labor market conditions, labor turn-over, and other problems affecting employment and working conditions. It is, therefore, especially important that these two programs, dealt with in Reorganization Plan No. 1, be coordinated federally in the Department of Labor. In contrast, we do not believe that these two programs can be similarly advanced in an agency such as the Federal Security Agency which is concerned primarily with welfare, health, and education programs.

The principles involved in the President's Reorganization Plan No. 1 of 1948 cannot be regarded as a political issue. The plan conforms with the objective set forth in the Republican platform of 1944 which stated:

"Labor bureaus, agencies, and committees are scattered far and wide, in Washington and throughout the country, and have no semblance of systematic or responsible organization. All governmental labor activities must be placed under the direct authority and responsibility of the Secretary of Labor."

The second session of the Eightieth Congress now has an opportunity to act in conformance with the expressed objectives of both parties.

Approval of Reorganization Plan No. 1 of 1948 will result in increased administrative efficiency. We, therefore, urge you to vote against House Concurrent Resolution 131 which would defeat this plan.

Sincerely yours,

PHILIP MURRAY, President.

(Mr. BUCHANAN asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. BARDEN].

Mr. BARDEN. Mr. Chairman, I think the discussion has gone a little far afield on this resolution. We have ranged

from States' rights to the powers in the various departments. There are two points I would like to discuss in this brief time: One is, I do not subscribe to the theory that the Labor Department represents labor and the labor unions alone. I think that would be a dangerous statement to permit in the RECORD unchallenged because we have clothed the Labor Department with great power—power to impose penalties; power to impose fines; power to virtually take freedom from men. So, as an agency of the Government, it must not be a biased agency. It must be an integral part of a democracy representing the people of that democracy. So I do not subscribe to the theory, and never have subscribed to the theory, that they should just represent some particular organized group of American society.

I think in times past I have been about as critical and about as caustically critical of the Labor Department as any man in this Chamber. I felt it was justified. I hope it did a little good because, frankly, I think I see considerable improvement in the Labor Department. I see considerable improvement in the handling of our labor legislation and the interpretation of the regulations issued therefrom. I think it behooves us, if such improvement is under way, to lend a helping hand to see if we cannot improve further. I think the labor agencies and those departments dealing with labor legislation should be under the Labor Department. If the Labor Department mishandles that power, then the Congress will meet again and it is within our power to set them right and to see that it is no longer mishandled. You know, I have been like some of you gentlemen, and I do not think anybody could brand me as a very caustic person.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BARDEN. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. I think that perhaps behind this trust of the Labor Department in connection with the handling of these funds is the fact that in the past the Labor Department of the Government has so mishandled the affairs entrusted to it that this Congress has, as the gentleman from Massachusetts [Mr. McCORMACK], so well pointed out, taken away from the Labor Department many of the functions and many of the rights and authorities that it has exercised in the past, and perhaps there is a feeling in the Congress and throughout the country that we should not transfer an activity such as this and entrust it to a department that has failed so miserably in the past to carry out its duties and responsibilities, as I am sure the fair-minded gentleman from North Carolina will admit.

Mr. KARSTEN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BARDEN. Just a moment. Let me dodge one bullet at a time. I will say to the gentleman that that is only an indictment against ourselves. If the Department has been mismanaging affairs and has been mishandling the legislation that we entrusted them with, then the responsibility is on us to correct it

and not just quarrel about it or try to remedy it by transferring powers to some other department. Let me say this to the gentleman that I have been one of those advocating that we should quit sprawling a lot of bureaus and setting up a lot of different agencies and scattering the functions of one department. At the time I arrived at that very definite conclusion, I had no idea that it was a part of the Republican platform.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. McCORMACK. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. BARDEN. I want to read to the gentleman a paragraph from your own platform on this subject, and I must admit that part of it is all right:

Labor bureaus, agencies, and committees are scattered far and wide, in Washington and throughout the country, and have no semblance of systematic or responsible organization. All governmental labor activities must be placed under the direct authority and responsibility of the Secretary of Labor.

I must say, I believe that is right, and sound reasoning.

Mr. BROWN of Ohio. The gentleman has said that if there has been a failure in the Labor Department to carry out its duties properly, that is the fault of the Congress. May I point out to the gentleman that the Congress, recognizing those failures, has taken certain legislative steps and actions in the past to correct the situation, to wit, the enactment of the Taft-Hartley law, for which I think the gentleman voted, and the enactment of legislation which put this particular agency where it originally belonged, in the Federal Security Agency.

Mr. BARDEN. May I say to the gentleman that as one who for at least 10 years has been fighting for those objectives, I was delighted to have the gentleman join me and some others in putting the Taft-Hartley bill over. I think it is a good piece of legislation. And I think labor-management relations are better now than they have been for 10 years.

Mr. BROWN of Ohio. I can assure the gentleman that those of us who sponsored the Taft-Hartley bill were very happy to have the support of the gentleman and of the majority of the Democrats in this Congress.

Mr. BARDEN. Self-praise is half scandal, but I do not think the gentleman has ever seen me pull a punch when it reached the point that I thought the Labor Department was abusing any power it had. At the same time, I am going to be equally frank and fair with the Labor Department and say that I think we ought to implement the Labor Department so that it can set its house in order and make it keep it in order. That is my idea in this connection. I think the recommendation of the President in this instance is sound and should be adopted.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. HOFFMAN. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina.

Mr. BROWN of Ohio. May I say to the gentleman, whom I am very happy and very proud to call my friend, that he has been a stalwart in the cause of the right kind of labor-management relations. He has never wavered in his position at any time. That is the reason why I am rather amazed and taken aback here today that he comes in and suggests that the Labor Department, which has proven so inefficient in the past, be given control of these funds and of this function of Government, which truly is, of course, a function of the Social Security Agency.

Mr. BARDEN. I am this kind of a Democrat and this kind of a citizen: I believe that my enemies, if I have any, should be treated fairly as well as my friends, and particularly so in the administration of law. While I am no enemy of the Labor Department, I have never been reluctant to be caustically critical of it when I thought it was justified, but I certainly do not think that we should take several agencies and spot them around in the District of Columbia, and then, every time something goes wrong in one of those agencies for lack of sufficient information, lambast the Labor Department. I say put the responsibility where you can find it, and then you can really slap the one who is responsible when something goes wrong. I do not like the old "shell game" in Government, and I am sure the Labor Department feels the same way. It would at least keep a lot of unjust criticism off of the Department.

Mr. BROWN of Ohio. May I agree with the gentleman on one thought he has expressed, that he treats both his enemies and his friends fairly, but I am certain he does not want to hand his enemy a club to use against him.

Mr. BARDEN. I am not going to let him be my enemy. We have control of the Department, and the people have control of us.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. BARDEN. I yield to the gentleman from West Virginia.

Mr. SNYDER. Does not the gentleman think the fact the Labor Department has deteriorated is not because of any policy of the Republican Party but because of the employment of such people as Madam Perkins and the present Secretary of Labor, who are nonlabor people and do not understand the problems of labor?

Mr. BARDEN. That is a personal opinion. It is a little bit in the nature of a personal attack. I come from a section of the country where I think if you are going to call a man a so-and-so, you ought to be looking him in the eye and not be telephoning it to him. I am not going to join in a criticism of the present or past Secretary of Labor in this issue. I do not think that is a part of it. We gave them the law. You and I cannot avoid that responsibility. We can demagog or we can say this, that, or the other, or we can go out and lambaste somebody else for doing just exactly what we authorized them to do in written law. So far as I am concerned I am perfectly willing to accept my share of the responsibility, but along with that I hope

the good Lord will entrust me with enough wisdom to try to correct it when I have made a mistake. The question involved here is one of departmental policy, and not one that should be determined on the personality of the head of the department.

Mr. SNYDER. Does not the gentleman think that the head of the Labor Department should be an individual who understands the problems of labor?

Mr. BARDEN. I think that would be ideal, and I want him to understand the problems of the American businessman also. That is the thing I do not like, this growing impression that the Department of Labor belongs to one particular segment of the American people. It serves and is an integral part of the Federal Government, and it represents the people of America and is entrusted with powers to impose penalties and extract fines and that sort of thing. For that reason it must be a part of our democratic government or it is unworthy of the title of a department in that Government.

Mr. SNYDER. I agree with the gentleman in that statement.

Mr. BARDEN. If the Department of Labor does not do that, we have the power and the authority to change it, and we ought to have the stuff to do it if we have any cause for complaint. I want to be fair to the Department and help it be fair and helpful not to just a part of my people but to all the people of the United States.

Mr. McCORMACK. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, on March 4, 1913, President Taft approved the act of Congress which created a Department of Labor headed by a Secretary having full Cabinet status. That act had for its purpose the bringing together into one department in the executive branch, those functions of government pertaining to employment problems, relations between employers and employees, and activities concerned with promoting job opportunities for wage earners. That was 35 years ago, and even at that time this move was considered an outstanding accomplishment in sound governmental administration.

However, as we observe what the Republican Party has done since 1913, concerning this Department, we are constrained to believe that the labor pains in that effort were so acute that the Republican Party has ever since remained sterile with respect to legislation to improve the wage earner's lot. But though my friends across the aisle have not been fruitful, they have not remained inactive. It is a matter of record, that while actively opposing, down through the years, any and all legislation to benefit the wage earner, the majority party has given plenty of lip service to labor. I do not have to leaf back very far through the record for evidence on this point. Let me quote to you from the Republican platform of 1944:

Labor bureaus, agencies, and committees are scattered far and wide in Washington

and throughout the country and have no semblance of systematic or responsible organization. All governmental labor activities must be placed under the direct authority and responsibility of the Secretary of Labor.

Once again, this declaration took on the aspects of labor pains. But if you read the patient's chart, you will find it was only gas pains induced by election fever. Now let us look at the record.

The action of the majority party in this Eightieth Congress has been a complete repudiation of their party platform. I can think of not a single measure taken by this Eightieth Congress which marks progress for the Department of Labor. Last session this Congress, spearheaded by the Republican majority, voted to reject the President's Reorganization Plan No. 2 which provided for retaining the United States Employment Service in the Department of Labor on a permanent basis. This rejection was allegedly predicated on the contention that that plan would result in the administration by two separate agencies of the unemployment compensation and the United States Employment Service programs. Furthermore, the Republican majority in the first session of this Congress stripped the Department of the United States Conciliation Service. They cut the appropriation of the Department so that not a single major function is adequately provided for. In addition, the substantive laws administered by the Department for the protection of wage earners—specifically the Fair Labor Standards Act—have been seriously weakened.

Now, Mr. Chairman, today we are considering another reorganization plan of the President, which is designed to meet the objection raised by the Republican majority when it rejected the President's plan last year. This plan provides for retaining on a permanent basis, the United States Employment Service in the Department of Labor where it is now successfully operating. This plan also provides for the transfer of the unemployment compensation functions to the Department of Labor where both would be coordinated in the manner suggested by the Republican majority last year. But does this plan satisfy my brethren on the other side of the aisle? Why, they were doing flip flops and handsprings all over the committee room in their efforts to vote this plan down. And the best they can come up with is "Let us wait to be told what to do by the Hoover commission." We are now being subjected to the greatest exhibition of circumlocution, evasion, and double talk that we have witnessed in many years. The same majority members on the Committee in the Executive Departments who now say, "Do not make a move," said just last June in creating the Hoover Commission, that study by the Commission should not delay the Congress or the President from taking needed action in the reorganization of government.

The majority report tells us that the employers of this Nation fear the transfer of these functions to the Department of Labor. This fear was expressed through an endless parade of spokesmen beholden to the National Association of

Manufacturers and the United States Chamber of Commerce who appeared before the committee to oppose this plan. In one of the most effectively managed lobbying campaigns in many years, certain groups and organizations have scurried up and down the country, beating the bushes and dangling boogeymen, to scare up opposition to this plan.

Mr. Chairman, I can well understand the concern of employers. They have been duped. By deliberate falsifications of the effect of this plan on their interests, they have been galvanized into letter writing, and stamped into Washington to protest this plan. The campaign against this plan has been conducted with the most amazing display of intellectual dishonesty, and fake representation I have ever witnessed. "Vote against the President's reorganization plan" has been the hue and cry, because it places the Benefit Trust Fund in jeopardy; because it will destroy the experience rating now in practice in 45 States; because it will confer unlimited rule-making authority; because the Federal Government would determine "suitability" of work; and on, and on, and on.

Mr. Chairman, only dupes of this scare campaign, could be guilty of spreading such flagrantly false propaganda. The reorganization plan No. 1 does not in any way affect the Federal law or the State laws under which the unemployment compensation and public employment service are now operating. It does not extend or diminish either Federal or State laws governing the administration and operations of these two programs.

I have been curious to know why a simple internal reorganization of Federal governmental functions should arouse such a wave of protest. Mr. Chairman, I have uncovered one of the most malicious campaigns to interfere with sound governmental administration that has ever been foisted upon the American public. Only by malicious design could so many false, "hidden" meanings have been twisted and tortured from the clear and simple language of this plan.

Let me read to you a few quotes from some of the pernicious propaganda that has been fed to the employers. I quote from a statement from the Baltimore Association of Commerce regarding this plan:

The Bureau of Employment Security is the Federal bureau which controls various highly important aspects on the State level of unemployment compensation in Maryland. These aspects not only include all State administrative expenses, but the power to make regulations which can nullify the laws passed by the Maryland legislature; such, for instance, as the present merit-rating provisions, which now effect a saving to Maryland employers of approximately \$13,000,000 a year.

And further in the document we find the call to arms. I quote further:

Unless this plan is defeated both in the House and Senate within 60 days from its introduction it will probably later result in adding approximately \$13,000,000 a year to the tax bill of Maryland employers who now save that much through merit rating.

And here is another quote from a bulletin issued by the Ohio Chamber of Commerce:

THE ISSUE

Shall the social-insurance system be changed from a public program to a labor-right program?

Shall employers become taxpayers only, without a word as to management of the seven to eight million dollars in State unemployment compensation funds?

Shall "suitable work" be defined in terms of union contract agreements?

These things could happen if the proposed new reorganization plan should be enacted.

Other businessmen with whom you may be in contact will be interested in this issue also.

This type of propaganda reveals a carefully designed scare campaign, with wild untruths calculated to frighten the wits out of those who do not stop to get the truth. Such false propaganda saying this reorganization plan would in any way affect the Federal or State laws displays a callous indifference to fact. Now, what are the facts? The provision for the merit-rating benefits to employers is contained in the Social Security Act of 1935. Each State law has its own provisions for merit-rating benefits to employers. No Federal administrator has any legal authority to issue regulations which might nullify or in any degree modify the effect of the merit-rating credits given to any employers under State or Federal law. No Federal administrator has any authority to issue any regulation governing the eligibility of workers for unemployment compensation, or for the amount or duration of such benefits. The payment or denial of benefits to workers, including the standards governing the eligibility is solely a matter of State law, subject only to certain specific limitations written into the Social Security Act. These limitations are a matter of Federal statute and give no discretion to any Federal administrator as to who is eligible to receive unemployment-compensation benefits, or the extent of such benefits.

The insinuation in the Ohio Chamber of Commerce bulletin that the reorganization plan can confer any jurisdiction on any Federal authorities with respect to the management of the unemployment trust fund is an incorrect plan to frighten unthinking employers. The funds in the unemployment trust fund are State funds on deposit in the Treasury of the United States. The Federal Security Administrator today has no jurisdiction over this fund, and I defy anyone to point to any provision in this plan which confers any authority on any Federal administrator to manage this fund.

Now let us calmly examine the situation. Do employers really fear bias on the part of the United States Employment Service in the Department of Labor? The record conclusively shows that they do not. The United States Employment Service has been back in the United States Department of Labor since V-J day in 1945. It is a matter of record that more employers are using the facilities of our public employment service today than ever before in its peacetime history. Employers, as a matter of fact, have made such a great de-

mand for industrial service facilities that the staffs are inadequate to comply with all their requests. In face of these indisputable facts, the majority committee report would have us believe that the employers will not do business with the local employment offices if the United States Employment Service is located in the Department of Labor, where—mind you—it has been located for the last 2½ years. But even the dupes of false propaganda know that employers do not transact their business with the Federal Security Administration in connection with their pay-roll taxes or unemployment-compensation benefits. Nor do employers deal with the United States Department of Labor in connection with their employment needs. Employers deal with the local and State administrators.

I think it is significant that not a single witness who advocated the transfer of the United States Employment Service from the Department of Labor to the Federal Security Administration could indicate specifically what type of activity he felt should be administered by the Department of Labor.

Mr. Chairman, I want to point out to the Members on the other side of the aisle that at no time has the Democratic administration attempted to place in the Department of Labor, any functions unrelated to the purposes for which the Department was founded. To the contrary, in 1939 the Immigration and Naturalization Service was appropriately transferred from the Department of Labor to the Department of Justice. In 1945 the activities of the Children's Bureau relating to the health and welfare of children were transferred to the Federal Security Agency. In both of these cases, these transferred functions did not bear a close relationship to the activities of the Department, and therefore more logically belonged elsewhere. These transfers followed a consistent functional pattern of placing in appropriate departments the activities which logically belong there.

Now let us look at the functions of the Federal Security Agency. It is concerned primarily with health and welfare functions such as Public Health and Cancer Control; Public Assistance, Infant and Child Care, and the administration of St. Elizabeths Hospital; and the Food and Drug Administration. Now what relation do any of these functions have to finding jobs for the unemployed or partial compensation for wage losses through the insurance system of unemployment compensation?

Mr. Chairman, the Republican Party is now faced squarely with an opportunity to carry out its 1944 party pledge. We are now considering a plan to bring permanently into the Department of Labor two bureaus with which the Department has a direct and primary concern. They are the United States Employment Service and the Bureau of Employment Security.

Make no mistake about the fact that the rejection of this reorganization plan by the majority party will be stamped as an effort on the part of the Republican Party to repudiate in toto its 1944 platform plank, and to complete the mayhem

which they initiated in the early days of this Eightieth Congress.

I urge this House to reject Concurrent Resolution 131, and thereby support Reorganization Plan No. 1.

Mr. McCORMACK. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. KARSTEN]. (Mr. KARSTEN of Missouri asked and was given permission to revise and extend his remarks.)

Mr. KARSTEN of Missouri. Mr. Chairman, I listened to all the testimony presented before the committee in connection with the Reorganization Plan No. 1 of 1948. This plan would continue the United States Employment Service in the Department of Labor where it has been located during most of its history—9 of its 15 years—and would transfer to that Department the unemployment compensation functions now in the Federal Security Agency. The testimony is replete with evidence that these two programs belong in the same department of the Federal Government. Indeed, this was one point upon which there was unanimous agreement.

The opponents of this plan were forced to base their contentions wholly upon the unsupported allegation that the Department of Labor would administer these programs in a biased manner in the interests of labor. Note I say unsupported allegations, for not a scintilla of evidence was presented to the committee to show that the Department of Labor has even once administered the United States Employment Service in a prejudiced manner during all the years in which that agency has been in the Department.

I want to call particular attention, however, to one aspect of this proposal which was not emphasized in the course of the hearings and that is the national responsibility to advance employment interests of our veterans. The Wagner-Peyser Act which created the Federal-State employment service system in 1933 specifically provided for a veterans' placement service, to be maintained by the United States Employment Service. This responsibility was extended and amplified in the Servicemen's Readjustment Act of 1944, at which time the national interest in providing maximum job assistance and employment counseling to veterans was clearly recognized.

The record of performance contains abundant evidence of the successful activities of the United States Employment Service in the Department of Labor to advance employment interests of veterans. I wish, in this connection, to read a letter from Mr. John Thomas Taylor, Director, National Legislative Commission of the American Legion, addressed on February 4 to the chairman of Expenditures in Executive Departments and later a similar letter to all Members of Congress:

MY DEAR MR. CHAIRMAN: Hearings are being conducted on House Concurrent Resolution 131 the purpose of which is to reject Reorganization Plan No. 1, of January 19, 1948.

For the information of the committee, the American Legion is in favor of Reorganization Plan No. 1 for the reason that we believe that the Veterans Employment Service and

the United States Employment Service should be and remain in the Department of Labor.

Therefore, we trust that House Concurrent Resolution 131 will be rejected by your committee.

The position taken by the American Legion results from the recognition of the fact that the Employment Service in the Department of Labor has been energetic in its work with the State agencies in behalf of veterans' employment. It is obvious that the American Legion is fearful that if this responsibility is transferred to the Federal Security Agency, the employment interests of veterans would suffer, as that agency is primarily concerned with matters relating to welfare, health and education programs. There can be no question that the United States Employment Service properly belongs in the Department of Labor. The unemployment compensation functions of the Federal Security Agency should be transferred to that Department also, so that these two closely related programs can be under a common direction, and can draw support from other activities in the Department of Labor which are also designed to maximize and stabilize employment. The American Legion is no doubt aware of the intentions that were implicit in the testimony of most of those who appeared in opposition to this plan. It seems apparent that preventing location in the United States Department of Labor of these two programs dealing with employment is the first step in an effort to eliminate Federal Government participation in both of these programs which are so vital to the Nation's well-being.

Only by continuing the United States Employment Service in the Department of Labor can we have reasonable assurance that emphasis will be placed upon the job-finding aspect of these two programs. The veterans will never be satisfied with partial compensation for wage losses resulting from unemployment. Instead, they wish, and they deserve opportunities to enter gainful employment where they can utilize their skills and aptitudes, so as to obtain a maximum of job satisfaction and job advancement.

There can be no question but that the reorganization plan does bring together two closely related functions and places them in the department in which they can operate most effectively. For this reason, the reorganization plan deserves the full support of this body.

I urge my colleagues on both sides of the aisle to reject Concurrent Resolution 131, and thereby support Reorganization Plan No. 1:

THE AMERICAN LEGION,
Washington, D. C. February 4, 1948.
Hon. CLARE E. HOFFMAN,
Chairman, Committee on Expenditures
in Executive Departments, House of
Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: Hearings are being conducted on House Concurrent Resolution 131, the purpose of which is to reject Reorganization Plan No. 1, of January 19, 1948.

For the information of the committee, the American Legion is in favor of Reorganization Plan No. 1 for the reason that we believe that the Veterans' Employment Service and the United States Employment Service should be and remain in the Department of Labor.

Therefore, we trust that House Concurrent Resolution 131 will be rejected by your committee.

Sincerely yours,
JOHN THOMAS TAYLOR,
Director, National Legislative Commission.

THE AMERICAN LEGION,
Washington, D. C., February 20, 1948.
Hon. FRANK M. KARSTEN,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN: House Concurrent Resolution 131 has been favorably reported by the Committee on Expenditures in Executive Departments and may be brought up for consideration on the floor of the House some day next week.

The purpose of this resolution is to reject Reorganization Plan No. 1, of January 19, 1948.

For the information of the Members of the House of Representatives, the American Legion is in favor of Reorganization Plan No. 1 for the reason that we believe that the Veterans' Employment Service and the United States Employment Service should be and remain in the Department of Labor. Therefore, we trust that House Concurrent Resolution 131 will be rejected by the House.

Sincerely yours,
JOHN THOMAS TAYLOR,
Director, National Legislative Commission.

Mr. MCCORMACK. Mr. Chairman, I yield such time as he may desire to the gentleman from Maryland [Mr. GARMATZ].

(Mr. GARMATZ asked and was granted permission to revise and extend his remarks and to include a letter from the Baltimore Association of Commerce.)

Mr. GARMATZ. Mr. Chairman, the purposes of the Reorganization Plan No. 1 of 1948 are simple. It provides for the continuation of the United States Employment Service in the United States Department of Labor where it is now located and the transfer of unemployment-compensation functions of the Federal Government to that Department. The plan will increase efficiency of the operations of the Government and will promote economy to the fullest extent consistent with the efficient operations of these programs.

The opponents to the reorganization plan have resorted to a scare campaign, so common in an election year. Through gross misrepresentations and untruths they have attempted to conjure up fantastic fears in order to defeat the measure. For example, the Baltimore Association of Commerce, in a letter addressed to all of its members on February 2 declares:

Unless this plan is defeated both in the House and Senate within 60 days from its introduction, it will probably later result in adding approximately \$13,000,000 a year to the tax bill of Maryland employers who now save that much through merit rating.

At present it appears that this proposal may be defeated in the House of Representatives, but in the Senate where it also must be defeated, the outcome is very seriously in doubt.

The authors of this appeal know full well that the Reorganization Plan has no effect upon the Federal Unemployment Tax Act of 1935, or upon the Maryland, or any other State law which governs the pay-roll-tax rate in the States. Although the reorganization plan has nothing to do with existing Federal and

State statutes, the opposition is attempting to take this occasion to destroy the effectiveness of both the unemployment compensation and employment-service programs in this country.

To the letter quoted above was appended a statement by the Baltimore Association of Commerce regarding Reorganization Plan No. 1 of 1948, House Document No. 499. An analysis of this statement follows:

ANALYSIS OF BALTIMORE ASSOCIATION OF COMMERCE STATEMENT

First. Allegation:

The Bureau of Employment Security is the Federal Bureau which controls various highly important aspects on the State level of unemployment compensation in Maryland. These aspects not only include all State administrative expenses but the power to make regulations which can nullify the laws passed by the Maryland Legislature. Such, for instance, as the present merit-rating provisions which now effect a saving to Maryland employers of approximately \$13,000,000 a year.

Fact: The Federal agency administering the unemployment compensation program has no power to make regulations which can nullify any existing State or Federal law. The merit-rating system referred to is provided for under the Federal Unemployment Tax Act of 1935, and the individual tax rate is governed by the Maryland unemployment compensation law. Forty-five States have merit-rating provisions in their laws.

Second. Allegation:

The present proposal to place the Federal control of unemployment compensation under a strongly partisan agency, such as the Department of Labor, would upset the foundation of the present system, viz, its administration by a neutral agency for the benefit of the entire public. By its nature and functions the Department of Labor would obviously be prejudiced in favor of labor, whereas the need is for administration in the interest of the public as a whole.

Fact: This is sheer nonsense. The United States Employment Service has been administered by the Department of Labor during 9 of 15 years of its history and no one has cited a single case in which this agency has failed to be impartial in administering the program in the interest of the public as a whole. The Department of Labor is in the same position with respect to the administration of both the unemployment compensation and employment service programs as any other agency of the Federal Government in that it is obliged to administer legislation in accordance with the laws enacted by the Congress.

Third. Allegation:

It is believed that the Legislature of Maryland, as representative of the people of this State, would never authorize the transfer of unemployment compensation in Maryland from the control of an independent State agency, such as now administers it, to the Maryland Department of Labor and Industry.

Fact: This is a matter to be decided entirely by the people of the State of Maryland. Sixteen States have placed unemployment compensation and employment-service functions in their State departments of labor. In no State have these two programs been placed in the State counterpart of the Federal Security

Agency responsible for health, welfare, and educational programs.

Fourth. Allegation:

By the same token it seems inconceivable that the citizens of Maryland would not be strongly opposed to the placement of Maryland's independent agency under the Federal control of a special-purpose agency of whatever nature. Particularly would this be true when such an agency would have the power to cripple or destroy many of the most important features that the Maryland Legislature has enacted on this subject, merely by making changes in the regulations.

Fact: The message transmitting the Reorganization Plan No. 1 of 1948 to the Congress stated the purposes of the plan as follows: First, to group, coordinate, and consolidate agencies and functions of Government according to major purposes; second, to increase the efficiency of the operation of the Government; and third, to promote economy to the fullest extent consistent with the efficient operation of the Government. The Reorganization Act is restricted solely to the Federal Government and confers no power on anyone to cripple or destroy with regulations any part of legislation which has been enacted on this subject by any State.

Fifth. Allegation:

As to the permanent transfer of the United States Employment Service to the United States Department of Labor, which is also proposed as a part of this program, we see no reason to alter the strong opposition to this change which we recorded last year, when this proposal was made to both the Senate and House and turned down.

Fact: The principal argument against the permanent transfer of the United States Employment Service to the United States Department of Labor was that the Reorganization Plan No. 2 of 1947 permanently placed unemployment compensation and the United States Employment Service in separate Government agencies. The Reorganization Plan No. 1 of 1948 overcomes this criticism.

Sixth. Allegation:

We feel that permanent Federal control of the United States Employment Service by the Department of Labor will inevitably result in administrative rules and regulations which may well be harmful to employment conditions in Maryland and greatly decrease the usefulness of the agency both to labor in obtaining employment and to employers in hiring labor.

Fact: In the past 2½ years since the United States Employment Service was returned to the United States Department of Labor, the number of job placements made by the public employment offices over the country and the number of job orders received by those offices from employers have been greater than ever before in the peacetime history of the public employment service.

Seventh. Allegation:

As the United States Employment Service clearly should be administered on the Federal level (as well as on the State level) in cooperation with the same agency which administers unemployment compensation, then if the latter agency is properly retained under independent administration, certainly the United States Employment Service should not be transferred permanently to the Labor Department.

Fact: This would put the cart before the horse. The job-finding activity should be given emphasis over the payment of unemployment benefits. Clearly, the job-finding activity is a basic responsibility of a department of labor. Therefore, the United States Employment Service properly belongs in the United States Department of Labor, and the closely related unemployment-compensation program should be transferred to that Department.

Mr. HOFFMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from West Virginia [Mr. SNYDER].

(Mr. SNYDER asked and was granted permission to revise and extend his remarks.)

Mr. SNYDER. Mr. Chairman, I am supporting House Concurrent Resolution 131 at this time. The question presented is whether the administrative fund of unemployment compensation will be handled by the Federal Security Agency or turned over to the Labor Department. Whether the administration of this fund belongs in the Federal Security Agency or the Labor Department leaves a grave question in my mind.

We have established in this country, as a part of a national program, unemployment compensation. This program must be retained, I believe, on a national basis and cannot be left to the decision of the various States.

During the hearings much opposition was voiced by industry against the proposals of placing unemployment compensation in the hands of the Labor Department and the reasons assigned against placing it in the hands of the Labor Department were that the Labor Department would be partial and biased in its administration of the fund and would be partial to labor as against management.

I was not satisfied with the reasons assigned. On the other hand, I was not convinced of the position taken by the opposition that it should be in the hands of the Labor Department, as it was purely a labor function.

Mr. Cruikshank, director of the social-insurance activities for the American Federation of Labor, in my judgment, made a very strong case for the proposal that the administration of unemployment compensation be placed in the Labor Department.

In 1939 President Roosevelt made a recommendation to the Congress that the administration be under the Social Security Board.

The reason I think we should pass the resolution before the committee is because last year this Congress provided for the appointment of a Commission and provided funds for the use of that Commission in making a comprehensive and complete study of the organization of the executive branches of the Government, with the object of recommending to Congress improvements, the consolidation of functions, and the elimination of duplication. That Commission is now in the midst of its work and is to report to the Congress by next January. The Commission, no doubt, will make a study and include in its rec-

ommendations the same matter as is contained in the President's Reorganization Plan No. 1. It seems to me that it is wisdom to delay our action until we have a report from this Commission.

According to the statement of Secretary Schwellenbach, the present set-up is functioning in a satisfactory manner and there is no immediate need of disturbing the existing set-up until we receive a report from the Commission.

Consequently, I am supporting the resolution.

Mr. HOFFMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. RIEHLMAN].

(Mr. RIEHLMAN asked and was given permission to revise and extend his remarks.)

Mr. RIEHLMAN. Mr. Chairman, by rejecting the President's Reorganization Plan No. 1 of 1948, this Congress will be keeping its promise to the American people to promote greater efficiency and economy in the Federal Government.

The requested transfer of the Federal Employment Service and Unemployment Compensation functions to the Department of Labor would only lead to a multiplication of the bureaucratic tentacles which have crept into every segment of our national life.

What is needed, if these functions are to operate efficiently and economically, is a more far-reaching delegation of authority to the States. Some coordination is needed, and it will better be found in an impartial agency—the Federal Security Agency—than in the Labor Department. But its powers should be confined to a policy-making function which will interfere as little as possible with the operation of the services by the various States as their individual needs require.

The intervention of the Federal Government in the administration of these functions has only served to increase the cost and delay the service.

Under the unemployment-compensation function, three-tenths of 1 percent of the Nation's pay roll is sent to Washington and allocated back to the States to pay their administrative expenses.

How much simpler and economical it would be to have each State retain this sum which is collected within its own borders. It would eliminate the necessity for a huge bureau in Washington, operating at great expense, to collect the money from the States and then give it back to them. To obtain their shares of this money, the States must prepare detailed and costly budgets justifying their administrative expenses. This cost would be removed by eliminating Federal control in this respect. Most of the States turn over to the Government more money than they receive back. That surplus should be theirs. Those that cannot now meet their administrative expenses from the collection of three-tenths of 1 percent on their State pay rolls could do so if the great expense of preparing lengthy budgets for Washington was done away with.

Under the Employment Service function, the Federal Government now provides the States with information as to

job opportunities in all parts of the country. This also requires the preparation of a special budget to be presented to the Federal Government.

To remove this expense, it would be possible to set up a system among the States whereby employment information could be disseminated more rapidly and accurately than is now being done.

State directors of the programs have testified before the Expenditures Committee that by the time the Labor Department collects the job information from the States, compiles it, and sends it back to the States, the information is obsolete. This clearing house in Washington only serves to pad the Federal pay roll and create more jobs for political patronage purposes. The States themselves, operating their own clearing house on job information, could do the work more economically and with a greater insight as to the actual information needed. Since much of the information now supplied is superfluous, the States might arrange to furnish only such information as is requested regarding particular areas.

The solution to this problem is to give the Federal Government less and not more authority to interfere in the workings of these functions in the States. Placing their administration in the Labor Department would have a completely opposite effect.

The Labor Department is by basic statute and by current practice a protagonist of organized labor rather than a neutral agency. Through administrative regulation, it might well decide to pay strikers unemployment compensation benefits if it secured control of these two functions.

These functions are, however, as much the concern of the general public and employers as they are of organized labor. A program the size of unemployment compensation, having total reserves of \$8,000,000,000 and covering 35,000,000 workers and their employers, vitally affects the lives of all citizens and therefore must be viewed as a public program rather than one of special interests.

Its future value in relieving the shock of unemployment will depend in large measure on public acceptance and support. The transfer to the Labor Department would seriously weaken public confidence and respect for it and would have the ultimate result of injuring the intended beneficiary.

It seems basic that the group interested as beneficiaries should not have a special dominance in administering the programs providing the benefits. By putting these services in the Labor Department, the established principle of checks and balances within our Government would be undermined. The balance would be heavily weighed in one direction.

Should this transfer be made, the employers who contributed by taxes the greatest part of the \$8,000,000,000 fund available for unemployment benefits would be reduced to the role of contributors with no voice in the distribution of the funds. That is not accepted American tradition.

The wisdom of arguments against giving these functions to the Labor Department was recognized when the Congress considered this issue on three previous occasions.

In 1935 the original legislation would have given the unemployment-compensation function to the Labor Department, but after full hearings the Congress reported out the social-security bill, which placed the function in the neutral Social Security Board.

In 1939, after careful consideration, it was generally agreed that the connection between the two functions was so close and their operations were so interrelated that they should be administered by the same neutral agency.

The issue was wisely resolved by establishing the Federal Security Agency and transferring the Employment Service to it. The popularity of this plan was evidenced by its quick adoption by an overwhelming affirmative vote in both Houses of Congress. The move was supported by the late President Roosevelt.

Last year the administration attempted to put the Employment Service back in the Department of Labor and to divide the two functions, which, it has been agreed, are necessarily related. Strangely enough, this year the plan is being justified by a strong statement that it is imperative that the two functions be served by one agency. That is true, but that agency should not be the Department of Labor.

Whatever Federal coordination is necessary should be lodged in an impartial agency that will administer the functions with the best interests of all segments of the public uppermost in mind.

But the public will be given maximum efficiency and economical service by eliminating unnecessary bureaucratic red tape in Washington. The administration of these programs should be put as close to the people as possible, back in their own States, where their operations can be maintained without a pyramiding of responsibilities and expenses.

Mr. HOFFMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. BUSBEY].

Mr. BUSBEY. Mr. Chairman, I want to take this time to reply to the gentleman from Missouri [Mr. KARSTEN] in regard to the stand of the American Legion on this piece of legislation. We all received a letter from John Thomas Taylor, director of national legislative commission of the American Legion. I may say I am a little familiar with the situation in the American Legion, having been an active member for a great many years. The letter each member received is as follows:

THE AMERICAN LEGION,
Washington, D. C., February 20, 1948.
Hon. FRED E. BUSBEY,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN: House Concurrent Resolution 131 has been favorably reported by the Committee on Expenditures in Executive Departments and may be brought up for consideration on the floor of the House some day next week.

The purpose of this resolution is to reject Reorganization Plan No. 1, of January 19, 1948.

For the information of the Members of the House of Representatives, the American Legion is in favor of Reorganization Plan No. 1 for the reason that we believe that the Veterans' Employment Service and the United States Employment Service should be and remain in the Department of Labor. Therefore, we trust that House Concurrent Resolution 131 will be rejected by the House.

Sincerely yours,

JOHN THOMAS TAYLOR,
Director, National Legislative Commission.

I state without any hesitation that John Thomas Taylor, a man for whom I have the greatest respect, sent that letter here on his own responsibility. I contend it is not the stand of the American Legion.

I have before me the resolutions passed by the twenty-ninth annual convention of the American Legion in New York, August 28 to 31, 1947. The only part of the resolutions passed at that convention on which he hoped to justify his position is as follows:

We further recommend that the legislative committee and the legislative director devote the full efforts of the American Legion in securing the passage of the necessary measures to provide an adequate veterans' employment service, and that the services of the chairman of the standing national employment committee and the national employment director be utilized in presenting to the Congress the necessity for this corrective legislation.

There is not a word in any of the resolutions passed by the American Legion in their annual national convention pertaining to the President's Reorganization Plan No. 1. The convention recommends that the director do what he can to secure passage of the necessary measures to provide adequate veterans' employment service. Mr. Chairman, I repeat, approval of the President's Reorganization Plan No. 1 is not a stand of the American Legion and should not be so construed by the Members of this body.

Mr. KARSTEN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BUSBEY. I yield.

Mr. KARSTEN of Missouri. I wish to point out that the letters Mr. Taylor sent were signed as national legislative chairman of the committee of the American Legion; and he evidently wrote these in his official capacity—he used the title.

Mr. BUSBEY. He wrote the letter in his official capacity but the American Legion or the national executive committee of the American Legion has not taken an official position on the President's Reorganization Plan No. 1.

Mr. Chairman, I yield back the balance of my time.

Mr. HOFFMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, as a result of the lengthy hearings the Committee on Expenditures in the Executive Departments has held during the last 2 years on various aspects of this subject, two basic conclusions have become clear. The first is that the United States Employment Service and the Bureau of Employment Security which administers and pays unemployment compensation

should be together. In almost every State of the Union they are operated together by one agency and the States which are ahead of the Federal Government in this respect find it very embarrassing and difficult to have to deal with two wholly separate agencies in Washington when the functions are handled together at the State level. From every standpoint it is clear they should be integrated. Second, it is clear that if possible they should be together under an agency in our Government which is entirely impartial. The Department of Agriculture is the protagonist of agriculture; it is supposed to be. The Department of Commerce is the advocate of the interests of business; it is supposed to be. The Department of Labor is the protagonist of the interests of labor; it is supposed to be. Employment and unemployment compensation involve both business and labor—as well as the public interest. They should be in an agency that is not set up to be a protagonist of either business or labor, but is neutral.

While many of us are not very happy about the Federal Security Agency, nevertheless it is supposed to represent all of the people of the country, not a particular group.

If there were not serious controversy as to the merits of the President's proposal I would agree that we ought to go along with it; but in view of the fact that there is a wide divergency of opinion as to whether these two functions should at this time be transferred permanently—not consolidated, but transferred as two separate agencies to the Department of Labor where they would still remain as two separate agencies—it seemed to the majority of the committee that we ought not to act favorably upon this reorganization plan, that we ought to pass the Hoffman Concurrent Resolution No. 131 rejecting the plan for the present.

We have already appropriated \$750,000 for the Hoover commission to make an overall study of the executive branch. It will include, of course, this particular question. Inasmuch as the committee is divided and the House is divided, it seemed to us on the committee that the sensible procedure is to wait until next January at which time we will have before us the findings of the commission composed of very able and distinguished students of government. No harm will be done in the next 10 months by failure to transfer these two agencies now to the Department of Labor; therefore it seems to me the part of wisdom is to vote for the pending concurrent resolution, and to take no action upon any controversial reorganization plan until we have the report of ex-President Hoover and his commission.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the resolution (H. Con. Res. 131).

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That the Congress does not favor the Reorganization Plan No. 1 of January 19, 1948, transmitted to Congress by the President on the 19th day of January 1948.

Mr. HOFFMAN. Mr. Chairman, I move that the Committee do now rise and report the concurrent resolution back to the House with the recommendation that the concurrent resolution be agreed to.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CANFIELD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration House Concurrent Resolution 131, had directed him to report the resolution back to the House with the recommendation that the resolution do pass.

Mr. HOFFMAN. Mr. Speaker, I move the previous question on the concurrent resolution.

The previous question was ordered.

The House concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. BUCHANAN asked and was given permission to include in the remarks he made in the Committee of the Whole a letter from the president of the Congress of Industrial Organizations.

Mr. McCORMACK asked and was given permission to include in the remarks he made in the Committee of the Whole an article appearing in the Washington Star by Edward E. Reilly.

Mr. BUTLER asked and was given permission to extend his remarks in the RECORD and include a statement on the St. Lawrence seaway.

Mr. BUSBEY asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the New Leader.

Mr. MARTIN of Iowa asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Fairfield Daily Ledger.

Mr. GRANT of Indiana asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. RAMEY asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. DONOHUE asked and was given permission to extend his remarks in the RECORD in two instances, in one to include resolutions adopted by members of Our Lady of Vilna Parish, and in the other to include an address he delivered at Worcester, Mass., on February 22, 1948.

Mr. HAVENNER asked and was given permission to extend his remarks in the Appendix of the RECORD and include excerpts from letters.

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD in two instances and to include two newspaper articles and an editorial.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Utah [Mr. DAWSON] is recognized for 10 minutes.

THE MARSHALL PLAN

Mr. DAWSON of Utah. Mr. Speaker, I am bewildered. We have been in-

formed that the purpose of the Marshall plan was to prevent the spread of communism throughout Europe. To accomplish this purpose it is proposed that we shall supply to the Marshall-plan beneficiaries during the first 15 months of the program 3,100,000 tons of iron and steel. Great Britain will receive the largest single allotment of this steel, which is to be taken from an already short supply in this country.

Twelve days ago, February 13, the United Press, under a London date line, issued the following statement:

REDS SEEK HUGE BRITISH PURCHASE

LONDON, February 13.—Amid the noisy diplomatic battle between the east and west, Russia has quietly opened negotiations in London for multi-million-dollar purchases of British industrial and scientific equipment to implement the recent Anglo-Russian trade pact.

Authoritative Soviet sources said the permanent Russian trade delegation here opened discussions with representatives of British industries and the board of trade for placing orders within the scope of the agreement.

Soviet experts have been summoned from Moscow to advise the delegation in their negotiations, and other experts will be called as the necessity arises, the sources said.

The biggest order was expected to be placed with the North England Locomotive Works for 1,000 narrow-gauge locomotives with an estimated cost of some \$30,000,000, according to British business quarters. Delivery would be spread over a 32-month period.

The items Russia intends to purchase also include \$600,000 worth of scientific and laboratory apparatus, 2,400 flat trucks, 2,400 winches, 200 excavators, 54 caterpillar loading cranes, 250 auto timber carriers, 14 tugs and 4 dredges, 1,500 50-kilowatt mobile Diesel electric generators, 24 steam-power turbine stations, \$4,000,000 worth of plywood equipment, \$1,500,000 worth of timber-mill equipment, 48 voltage transformers, 10 sets of oil-purifying apparatus, and 300 100,000-kilowatt electric motors.

Mr. Speaker, practically every item mentioned in this release is constructed from steel. How in the name of common sense can we stop the spread of communism by shipping our American steel to Britain for the purpose of having it fabricated and sold to Russia?

I have requested the State Department for an explanation of this matter, and if any Member of the House has a contribution to make, I shall be happy to receive it.

Mr. ROCKWELL. Mr. Speaker, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from Colorado.

Mr. ROCKWELL. Does the gentleman suggest that we should dictate to Britain the course her foreign policy should take?

Mr. DAWSON of Utah. Certainly not. That is her own prerogative. But once she has committed herself to a policy as Britain has done on the Marshall plan we have a right to expect her to assist us in achieving the objectives of that plan. The avowed purpose of the European recovery program is to halt the spread of communism. The joint cooperation of all parties to the plan is essential if we are to succeed. How can we hope for success if the beneficiaries of our generosity take from us with one hand and deliver to the enemy with the other? We are a liberal and sympathetic

people, but certainly not fools. I would go to almost any extreme to halt the Red menace, but will certainly oppose any plan which will take the production of American labor for barter with the enemy. Russia may soon return some of that steel to us just as Japan did in World War II.

Mr. ROCKWELL. Mr. Speaker, if the gentleman will yield further, I recall a speech delivered on the floor of this House during the first session of the Eightieth Congress by our colleague from Utah, in which he called our attention to the amount of direct assistance this country was giving to Russia and her satellites. Through his efforts and others who joined him this assistance has been halted. Why should we now give indirect aid by assisting countries who insist on passing the bounties of their production on to Russia? The gentleman is to be commended for calling our attention to this serious blunder. It is about time we woke up.

Mr. DAWSON of Utah. I thank my distinguished colleague from Colorado and assure him if we continue our present course we may find ourselves the victims of our own generosity.

(Mr. DAWSON of Utah asked and was given permission to revise and extend his remarks.)

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. DAWSON of Utah, for 1 week, March 1 to March 7, 1948, on account of official business.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2182. An act to extend certain provisions of the Housing and Rent Act of 1947, to provide for the termination of controls on maximum rents in areas and on housing accommodations where conditions justifying such controls no longer exist, and for other purposes; to the Committee on Banking and Currency.

ADJOURNMENT

Mr. MACKINNON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 11 minutes p. m.), under its previous order, the House adjourned until tomorrow, Thursday, February 26, 1948, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1329. A letter from the Attorney General, transmitting request for withdrawal of the case of Tsulmon Tse from those 298 cases involving suspension of deportation referred to in letter of January 15, 1948; to the Committee on the Judiciary.

1330. A letter from the Chairman, National Capital Park and Planning Commission, transmitting a list of land acquisitions for parks, parkways, and playgrounds; cost of each tract; and method of acquisition, for the fiscal year ending June 30, 1947; to the Committee on Public Works.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BROOKS: Committee on Armed Services. S. 703. An act to authorize the carrying of Civil War battle streamers with regimental colors; without amendment (Rept. No. 1423). Referred to the House Calendar.

Mr. COLE of New York: Committee on Armed Services. S. 1802. An act to authorize the President to award the Medal of Honor to the unknown American who lost his life while serving overseas in the armed forces of the United States during the Second World War; without amendment (Rept. No. 1424). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CUNNINGHAM:

H. R. 5552. A bill to amend the act of July 30, 1947 (Public Law 270, 80th Cong.), to include those veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, and their dependents, who had service-connected disabilities and were classed as drawing compensation and not pension monetary benefits under Public Law 494, Seventy-ninth Congress; to the Committee on Veterans' Affairs.

By Mr. ELLIS:

H. R. 5553. A bill to amend paragraph 1772 of the Tariff Act of 1930, as amended; to the Committee on Ways and Means.

By Mr. HULL:

H. R. 5554. A bill making an additional appropriation to carry out the provisions of the Rural Electrification Act of 1936, as amended, for the fiscal year ending June 30, 1948; to the Committee on Appropriations.

By Mr. WELCH:

H. R. 5555. A bill to amend the act entitled "An act to provide for the purchase of public lands for home and other sites," approved June 1, 1938 (52 Stat. 609), as amended; to the Committee on Public Lands.

By Mr. JONES of Washington:

H. R. 5556. A bill to provide for the conveyance of a certain housing project in Bremerton, Wash., to the housing authority of the city of Bremerton; to the Committee on Public Works.

By Mr. LANE:

H. R. 5557. A bill to allow a deduction, for income-tax purposes, of transportation expenses to and from work; to the Committee on Ways and Means.

By Mr. McCORMACK:

H. R. 5558. A bill providing for the incorporation of the United American Veterans of the United States of America, Inc.; to the Committee on the Judiciary.

By Mr. NODAR:

H. R. 5559. A bill to repeal the retailers' excise tax on toilet preparations and on luggage, purses, and similar articles; to the Committee on Ways and Means.

By Mr. ROSS:

H. R. 5560. A bill to repeal the retailers' excise tax on toilet preparations and on luggage, purses, and similar articles; to the Committee on Ways and Means.

By Mr. HUGH D. SCOTT, JR. (by request):

H. R. 5561. A bill to provide a reduced rate of tax on certain types of income; to the Committee on Ways and Means.

H. R. 5562. A bill to amend section 22 of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. BEALL:

H. R. 5563. A bill to amend an act approved July 16, 1947, entitled "An act to provide revenue for the District of Columbia, and for other purposes"; to the Committee on the District of Columbia.

By Mr. COOLEY:

H. R. 5564. A bill to amend the Federal Crop Insurance Act, as amended; to the Committee on Agriculture.

By Mr. CROW (by request):

H. R. 5565. A bill to provide allowances for dependents of veterans of World War I and World War II with service-connected disabilities; to the Committee on Veterans' Affairs.

By Mr. JONKMAN:

H. R. 5566. A bill to amend the National Service Life Insurance Act of 1940 so as to permit payments thereunder to certain designated beneficiaries previously barred from such payments; to the Committee on Veterans' Affairs.

By Mr. PETERSON:

H. R. 5567. A bill to extend pension benefits under the laws reenacted by Public Law 269, Seventy-fourth Congress, August 13, 1935, as now or hereafter amended to certain persons who served with the United States military or naval forces engaged in hostilities in the Moro Province, including Mindanao, or in the islands of Samar and Leyte, after July 4, 1902, and prior to January 1, 1914, and to their unmarried widows, child, or children; to the Committee on Veterans' Affairs.

By Mr. POTTS:

H. R. 5568. A bill to increase the compensation of the Governor of the Canal Zone; to the Committee on Merchant Marine and Fisheries.

By Mr. HARDIE SCOTT:

H. R. 5569. A bill to provide for the issue of a series of United States annuity bonds; to the Committee on Ways and Means.

By Mr. HOFFMAN:

H. Res. 481. Resolution providing for expenses of conducting the studies and investigations authorized by rule XI (h) (1); to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HARDIE SCOTT:

H. R. 5570. A bill for the relief of Wladyslaw Piywacki; to the Committee on the Judiciary.

By Mr. HAVENNER:

H. R. 5571. A bill for the relief of Maria Perfumo; to the Committee on the Judiciary.

By Mr. JONES of Washington:

H. R. 5572. A bill to authorize and request the promotion of Commander Myron W. Graybill, United States Navy, to the grade of captain; to the Committee on Armed Services.

By Mr. MEADE of Kentucky:

H. R. 5573. A bill for the relief of Dan Frazier; to the Committee on the Judiciary.

By Mr. BOGGS of Delaware:

H. R. 5574. A bill to amend the act entitled "An act for the relief of Rancis T. Little and Lois E. Little"; to the Committee on the Judiciary.

By Mr. LANE:

H. R. 5575. A bill granting the Distinguished Service Cross to William A. Sullivan; to the Committee on Armed Services.

80TH CONGRESS
2D SESSION

H. CON. RES. 131

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26 (legislative day, FEBRUARY 2), 1948

Read twice and referred to the Committee on Labor and Public Welfare

CONCURRENT RESOLUTION

1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That the Congress does not favor the Re-
3 organization Plan Numbered 1 of January 19, 1948, trans-
4 mitted to Congress by the President on the 19th day of
5 January 1948.

Passed the House of Representatives February 25, 1948.

Attest:

JOHN ANDREWS,

Clerk.

80TH CONGRESS
2D SESSION

H. CON. RES. 131

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 1 of January 19, 1948.

FEBRUARY 26 (legislative day, FEBRUARY 2), 1948

Read twice and referred to the Committee on Labor and Public Welfare

REORGANIZATION PLAN NO. 1 OF JANUARY 19, 1948

MARCH 4 (legislative day, FEBRUARY 2), 1948.—Ordered to be printed

Mr. BALL, from the Committee on Labor and Public Welfare,
submitted the following

REPORT

[To accompany H. Con. Res. 131]

The Committee on Labor and Public Welfare, having considered the concurrent resolution (H. Con. Res. 131) against adoption of Reorganization Plan No. 1 of 1948, report unfavorably thereon and recommend that it do not pass.

PURPOSE OF RESOLUTION

The purpose of this resolution is to express disapproval of Reorganization Plan No. 1 of 1948, transmitted to Congress by the President on January 19, 1948, and the result of its adoption by Congress would be to prevent the plan from becoming operative on March 19, 1948.

PROVISIONS OF REORGANIZATION PLAN NO. 1 OF 1948

Rejection of the resolution will enable the provisions of the reorganization plan to come into force and effect on March 19, 1948, as follows:

SECTION 1. *United States Employment Service*.—The United States Employment Service is transferred to the Department of Labor and the functions of the Federal Security Administrator with respect to the United States Employment Service are transferred to the Secretary of Labor.

SEC. 2. *Bureau of Employment Security*.—The Bureau of Employment Security of the Federal Security Agency is transferred to the Department of Labor and the functions of the Federal Security Administrator with respect to unemployment compensation, together with his functions under the Federal Unemployment Tax Act (as amended, and as affected by the provisions of Reorganization Plan Numbered 2 of 1946, 60 Stat. 1095 (26 U. S. C. 1600-1611)), are transferred to the Secretary of Labor.

SEC. 3. *Performance of transferred functions*.—The functions transferred by the provisions of sections 1 and 2 of this plan (a) shall be performed by the Secretary or, subject to his direction and control, by such officers (including the Commissioner of Employment hereinafter provided for) and agencies of the Department of Labor as the Secretary may designate and (b) shall be performed subject to such rules and regulations as the Secretary may prescribe.

SEC. 4. *Commissioner of Employment.*—There shall be in the Department of Labor a Commissioner of Employment, who shall be appointed under the classified civil service by the Secretary of Labor, receive compensation at the rate of \$10,000 per annum, and perform such of the functions transferred by the provisions of this plan as the Secretary shall designate.

SEC. 5. *Coordination of transferred functions.*—In order to coordinate more fully the administration of grant-in-aid programs under the functions transferred by the provisions of this plan the Secretary of Labor shall, insofar as practicable, establish or cause to be established uniform standards and procedures relating to fiscal, personnel, and other requirements common to both such programs and provide for a single Federal review with respect to such requirements.

SEC. 6. *Federal Advisory Council.*—The Federal Advisory Council established pursuant to section 11 (a) of the Act of June 6, 1933, as amended (48 Stat. 116, 29 U. S. C. 49J (a)), shall, in addition to its duties under the aforesaid Act, advise the Secretary of Labor and the Commissioner of Employment with respect to the administration and coordination of the functions transferred by the provisions of this plan.

SEC. 7. *Personnel, records, property, and funds.*—There are transferred to the Department of Labor, for use in connection with the functions transferred by the provisions of this plan, the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds (available or to be made available) of the United States Employment Service and of the Bureau of Employment Security, together with so much as the Director of the Bureau of the Budget shall determine of other personnel, property, records, and unexpended balances of appropriations, and funds (available or to be made available) of the Federal Security Agency which relate to functions transferred by the provisions of this plan.

BACKGROUND

1. *The United States Employment Service.*—The United States Employment Service was established by the Wagner-Peyser Act of 1933 in the Department of Labor. It was transferred to the Social Security Board in the Federal Security Agency by Reorganization Plan No. 1, effective July 1, 1939. There its functions were administered by the Bureau of Employment Security in conjunction with the administration of the unemployment compensation program.

During the war, after federalization of the State employment services, the United States Employment Service was transferred to, and became an operating agency of, the War Manpower Commission, by Executive Order No. 9247 of September 17, 1942. When the War Manpower Commission was abolished after VJ-day, the United States Employment Service was transferred back to the Department of Labor by Executive Order No. 9617 under the First War Powers Act. It is temporarily located there today—temporarily until 6 months after the official end of the war, when it would automatically be transferred back to the Federal Security Agency.

In November 1946 the operation of the employment offices, which had been a function of the United States Employment Service since federalization of the State employment services in 1942, was returned to the States under provisions of the Department of Labor Appropriations Act, 1947. Accordingly, the United States Employment Service then reverted to its original role as a supervising agency which grants allocations of funds to the various State governments for the administration of State employment services. In order to receive these funds, each State must submit a plan, approved by the United States Employment Service, under the provisions of the Wagner-Peyser Act of 1933. The United States Employment Service also serves as a coordinating body and clearing house, and provides research and statistical services for the State employment service

system—functions which it would be impracticable to duplicate in each State. It is not therefore an operating agency in any respect except in the District of Columbia. The United States Employment Service does not exercise the job-placement functions of the respective State employment services. The conduct of relations with both workers and employers is the function of the State employment services, operating locally in accordance with State laws.

2. *Unemployment compensation.*—State unemployment compensation systems were established under provisions of the Federal Security Act and the Unemployment Tax Act of 1935. These systems are State-operated. The respective State unemployment compensation laws govern the coverage, conditions of eligibility for benefits, the amount and duration of benefits, and the contribution rates levied upon pay rolls. All State laws, as a prerequisite to the filing of a claim for unemployment benefits, require that unemployed workers register at local employment offices as evidence of their availability for work and that they are willing and able to work. The State laws control the determination of what constitutes "suitable work," the interpretation of which is the responsibility of State unemployment compensation officials, and is conditioned by precedents established by appeals authorities in each State and decisions of the State courts.

In the States both the unemployment compensation and the employment service programs are administered within a single agency. There is very close coordination of the two programs, in some instances even to the extent of integration of the duties of personnel assigned to these functions.

The Bureau of Employment Security in the Federal Security Agency administers the Federal responsibilities relating to the unemployment compensation system. The Bureau, like the United States Employment Service, is a supervisory rather than an operating agency which allocates funds to the States for administration of the State unemployment compensation laws. As in the States, it has been found on the Federal level that the unemployment compensation functions are intimately related to those of the United States Employment Service.

FUNDAMENTAL CONSIDERATIONS AND SIGNIFICANCE OF THE REORGANIZATION PLAN

The committee held hearings on Reorganization Plan No. 1 of 1948 and heard representatives of the Bureau of the Budget and the executive agencies concerned, together with representatives of State agencies administering the employment service and unemployment compensation laws of the respective States, as well as representatives of organized labor and employer organizations. On the basis of the testimony before the committee, the fundamental considerations are as follows:

1. Both the proponents and opponents of the reorganization plan agree that the unemployment compensation and employment service programs are closely related and, further, that both these programs should be under the administrative jurisdiction of the same department of Government. No testimony whatsoever was given to the effect that the two programs should be administered separately by different departments of Government. Bringing the two programs together in a single governmental department

constitutes the primary accomplishment of Reorganization Plan No. 1 of 1948. Unless this plan is permitted to come into force and effect on March 19, 1948, by rejection of the concurrent resolution, the administration of the two functions will continue indefinitely under separate departments to the accompaniment of continued lack of full efficiency of administration.

2. Since there is agreement that the unemployment compensation and employment service programs should be administered by the same department of Government, the fundamental issue presented by the reorganization plan is solely one of decision as to which department of the Federal Government shall be vested with the responsibility. The cost of administration is not an important issue in the decision since relatively small sums are involved regardless of where the programs are administered. Resolution of this issue affects the functional organization only of departments of the Federal Government; it does not alter the organizational structure of the corresponding departments of the State governments, which operate according to the provisions of State laws. Reorganization Plan No. 1 of 1948 delegates the responsibility to the Department of Labor. This is entirely in keeping with basic purposes of the Reorganization Act of 1945, namely, to group, coordinate, and consolidate agencies and functions of the Government according to their major purposes.

FEDERAL RESPONSIBILITIES FOR UNEMPLOYMENT COMPENSATION AND
EMPLOYMENT SERVICE SHOULD BE VESTED IN THE DEPARTMENT OF
LABOR

The unemployment compensation and employment service programs are more directly related to other functions of the Department of Labor than to the functions of any other department of the Government. For example, the Department's Bureau of Labor Statistics compiles detailed information on the occupational characteristics of the labor force and on long-range trends in employment, information which is peculiarly related to the employment service and unemployment-compensation functions. Similarly, the Department's Apprentice Training Service, which promotes the development of skills, and its Division of Labor Standards and Women's Bureau embrace functions that should be correlated with the employment service and unemployment-compensation functions.

It is significant that no evidence was presented in the hearings to refute the fact that both the unemployment-compensation and employment-service programs are intimately related to other functions of the Department of Labor. On the other hand, the committee fails to find any convincing evidence whatsoever that either the unemployment-compensation or the employment-service program are closely related to the programs of the Federal Security Agency, including education, public health, cancer control, infant and child care, food and drug administration, St. Elizabeths Hospital, and public assistance to the needy blind, the aged, and dependent children. It will be noted that virtually all the programs of the Federal Security Agency are primarily concerned with population not in the labor force. This is the very antithesis of the concern of the unemployment-compensation and employment-service programs, which deal with the worker as a member of the labor force.

Both the proponents and opponents of the reorganization plan generally agree that the United States Employment Service—concerned with the job-finding function—is a proper responsibility of the Department of Labor. Indeed, no governmental program is more specifically designed and intended to—

foster, promote, and develop the welfare of the wage earners of the United States and advance their opportunities for profitable employment.

These are the fundamental purposes of the Department of Labor as defined by its organic act. Yet, utterly inconsistent with the admittedly clear-cut functional basis that exists for placing labor functions in the Department of Labor, and inconsistent with the fact that no one questions that the employment service and unemployment compensation functions belong together, the opponents of the reorganization plan would defeat it on the flimsy and wholly groundless excuse that these labor functions should be administered by a so-called neutral department of Government.

In essence, therefore, the principal opposition to the reorganization plan boils down to an expression of fear that the Department of Labor, through the Secretary of Labor, would be biased and prejudiced in its actions. It has also been alleged by opponents of the plan that because of alleged bias of the Department of Labor, employers will not use the public employment offices of the Employment Service. There is no basis of fact to support this position. No testimony before the committee reveals a single instance, or any other concrete evidence, to support the fear that prejudice would govern the actions of the Department of Labor in administration of the subject programs.

This is particularly significant when it is remembered that the United States Employment Service was first established in the Department of Labor by the Wagner-Peyser Act in 1933; that is, has operated in the Department of Labor since its return to that agency after VJ-day, and, in short, that it has been administered in the Department of Labor at least half its existence. As a matter of fact, no testimony before the committee indicates that administration of the United States Employment Service or of unemployment compensation by the Department of Labor would be dissimilar in any fundamental respect to that of a so-called neutral agency. It is basic to the administration of these two programs, and it is so agreed by opponents of the reorganization plan, that the proper emphasis is on the job-placement function rather than on unemployment benefit payments. No witness opposing the reorganization plan suggested and supported any thesis to the effect that the Department of Labor would depart from this basic principle.

The allegation that employers will not use the employment offices if the United States Employment Service is located in the Department of Labor is not supported by the record. Approximately 7,000,000 job placements were made during fiscal year 1947 alone, almost 40 percent of these being in manufacturing industries offering the better-paying jobs. Notwithstanding this experience, the fundamental fact to be remembered is that employers do not deal with the Federal Government when they use the Employment Service. They deal directly with the local offices of the State agencies, operating in accordance with their respective State laws. In the last analysis, the extent to which employers use the public employment service is

primarily dependent upon the efficiency of the local offices themselves and their success in maintaining good working relations with employers.

REORGANIZATION PLAN SHOULD BE ADOPTED

In light of the foregoing considerations, it is the view of the committee that Reorganization Plan No. 1 of 1948 should be approved, and that House Concurrent Resolution 131 should be rejected. In coming to this conclusion, recognition has been given to the existence of the Commission on Organization of the Executive Branch of the Government, established under provisions of Public Law 162, Eightieth Congress, first session. With all due regard to the purposes and program of the Commission, the committee realizes that the Commission's deliberations will not be completed until 1949 and that considerable additional time must necessarily elapse before its recommendations could be implemented. The committee believe it desirable, and it was so testified to by both State and Federal officials, that the employment service and unemployment compensation programs be brought together in the Federal Government without further delay. Finally, the committee would point out that in rejecting Reorganization Plan No. 2 last year, the principal objection to placing the United States Employment Service permanently in the Department of Labor was that the two programs were not placed together in the same department. This position obviously is no longer tenable and the committee finds no basis for further procrastination.



Calendar No. 1010

80TH CONGRESS
2D SESSION

H. CON. RES. 131

[Report No. 967]

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26 (legislative day, FEBRUARY 2), 1948

Referred to the Committee on Labor and Public Welfare

MARCH 4 (legislative day, FEBRUARY 2), 1948

Reported adversely by Mr. BALL and placed on the calendar

CONCURRENT RESOLUTION

1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That the Congress does not favor the Re-
3 organization Plan Numbered 1 of January 19, 1948, trans-
4 mitted to Congress by the President on the 19th day of
5 January 1948.

Passed the House of Representatives February 25, 1948.

Attest:

JOHN ANDREWS,

Clerk.

80TH CONGRESS
2D SESSION
H. CON. RES. 131

[Report No. 967]

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 1 of January 19, 1948.

FEBRUARY 26 (legislative day, FEBRUARY 2), 1948
Referred to the Committee on Labor and Public Welfare

MARCH 4 (legislative day, FEBRUARY 2), 1948
Reported adversely and placed on the calendar

REORGANIZATION PLAN NO. 1 OF JANUARY 19, 1948

MARCH 12 (legislative day, FEBRUARY 2), 1948.—Ordered to be printed

Mr. JENNER (for himself, Mr. IVES, and Mr. TAFT), from the Committee on Labor and Public Welfare, submitted the following

MINORITY VIEWS

[To accompany H. Con. Res. 131]

The minority is of the opinion that Reorganization Plan No. 1 of 1948 vests in the Department of Labor certain functions which, in the public interest, properly belong in a disinterested department of Government, and that House Concurrent Resolution 131 should be passed by the Senate.

FUNDAMENTAL CONSIDERATIONS

The minority, while agreeing with the majority as to the desirability of bringing the United States Employment Service and the unemployment compensation programs together in the same Federal department, does not agree that the administrative responsibility should be vested in the Department of Labor.

The Department of Labor was created for the express purpose of fostering, promoting, and developing the interests of labor and, accordingly, is a protagonist of labor. It does not profess to give official recognition or representation of the employer's viewpoint. Based on the testimony of representatives of employer organizations before the committee, employers do not have confidence that the Department of Labor can be unprejudiced in its operation of employment service and unemployment compensation programs.

It is an indisputable fact that successful operation of a public employment service is dependent upon the full cooperation of employers. Their complete confidence in the administration of the service is imperative. Despite a seemingly impressive volume of job placements by the State employment services since return of the United States Employment Service to the Department of Labor after VJ-day, the fact remains that an estimated 80 percent or more of all hiring has been done directly by employers without recourse to the Employment Service. Moreover, it is obvious that the United States

Employment Service has operated under abnormally advantageous conditions since its return to the Department of Labor.

In light of this, it is the opinion of the minority that much needs to be done to enhance the confidence of employers and that such confidence will best be promoted by delegating both the Employment Service and unemployment compensation functions to the Federal Security Agency which is not an open protagonist of either labor or employers.

UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ARE
RELATED TO FUNCTIONS OF THE FEDERAL SECURITY AGENCY

Evidence before the committee indicates that both the unemployment compensation and employment service programs are directly related to other functions of the Federal Security Agency. As indicated by the Federal Security Administrator, some of the more important relationships are as follows:

The Bureau of Employment Security is an integral part of the Federal Security Agency. It is part of a program designed to protect the homes of the Nation through provision for the minimum income essential for the maintenance of these homes during periods of unemployment. Coverage of old-age and survivors insurance and unemployment insurance is largely the same, and changes should be in the direction of uniformity of coverage for both programs. Because of the close administrative relationships existing between these two insurance programs and in order to assure the exchange of information between the two, it is essential that present administrative relationships be continued. Today State agencies are making extensive use of identical wage reports under both programs. For example, the new temporary program of unemployment insurance for seamen employed by the War Shipping Administration, administered by the State unemployment compensation agencies, utilizes old-age and survivors insurance wage records for determining unemployment benefit rights. To remove unemployment insurance from the agency administering old-age and survivors insurance would result in the need for developing new administrative channels to assure an adequate interchange of information. Such a separation would be detrimental to economical and efficient operations.

The coordination of the two functions in this Agency would result in the simplification of Federal-State relations, as it would merely add 1 additional grant program to the 16 regular grant programs now administered by this Agency. In addition, it would be in complete accord with the fourth provision of section 2 (a) of the Reorganization Act of 1945, namely, "to group, coordinate, and consolidate agencies and functions of the Government as nearly as may be, according to major purposes."

It is the opinion of the minority that the subject programs are related to a larger number of activities currently under the jurisdiction of the Federal Security Agency than is true of their relationship to activities under the Department of Labor. Moreover, and very significantly, virtually all the programs of the Federal Security Agency involve grant-in-aid relationships with the State governments. Return of the United States Employment Service to the Federal

Security Agency, which could be accomplished without any confusion or interruption of service, would merely add one additional program involving the States to those now administered by this agency. The Department of Labor, on the other hand, has had comparatively little to do with grant-in-aid programs and the intricate problems involved in Federal-State relationships.

It is admittedly advantageous in the conduct of Federal-State relations to keep to a minimum, consistent with proper delegation of related functions, the number of Federal departments with which the States must deal. To do otherwise creates confusion, incomparability of rules and regulations, inefficiency, and lack of economy in administration. In this light, the minority sees Reorganization Plan No. 1 of 1948 as an instrument creating two Federal lines of communication with the States where only one line is needed for related programs.

Moreover, it will be remembered that whereas the United States Employment Service is only temporarily deposited in the Department of Labor, having been administered previously by the Federal Security Agency, the Bureau of Employment Security, which deals with the unemployment-compensation operations, has been located continuously in the Social Security Administration. The Department of Labor has had no administrative responsibility whatsoever for this program. It appears to the minority that it would be highly presumptuous to suppose that there would be no confusion on the part of the States if this function were transferred to the Department of Labor, after their accumulation of years of experience in dealing with the Social Security Administration. The fact of the matter is that the State agencies are overwhelmingly opposed to the reorganization plan for this reason, as their representatives so testified before the committee. The viewpoint of the States is perhaps best summed up in the words of their spokesmen as follows:

The repercussion of every transfer of these offices on the Federal level has its effect on the operations of the State law. Each is disturbing to the relationship between the authorities, and each change cannot be without cost.

REORGANIZATION PLAN FAILS TO MEASURE UP TO MAJOR OBJECTIVES OF REORGANIZATION ACT

Examination of Reorganization Plan No. 1 of 1948 in light of the major objectives of the Reorganization Act of 1945 leads the minority to question whether the plan measures up to the highest standards consistent with the act. Among several are the following expressed purposes of the act:

To reduce expenditures and promote economy to the fullest extent consistent with the efficient operation of the Government;

To increase the efficiency of the operations of the Government to the fullest extent practicable within the revenues;

To reduce the number of agencies by consolidating those having similar functions under a single head, and to abolish such agencies or functions thereof as may not be necessary for the efficient conduct of the Government.

Evidence before the committee does not, in the opinion of the minority, indicate that the reorganization plan, if effectuated, would "reduce expenditures and promote economy to the fullest extent."

In the first place, there would continue in existence two separate sets of regional offices—one set of 12 offices for the Department of Labor and one set of 11 offices for the Federal Security Agency, on the basis of the existing plan. Operation of these separate offices obviously requires additional physical facilities, personnel, and administrative overhead. At present, the regional offices of the Federal Security Agency handle not only the unemployment-compensation operations of the Federal Government but also those relating to old-age and survivors insurance, the public-assistance programs, education, public health, and other programs. Regional offices of the Department of Labor are concerned entirely with the United States Employment Service. Transfer of the unemployment-compensation functions to the Department of Labor would not relieve the Federal Security Agency of its requirement of a system of regional offices.

According to the figures of the Bureau of the Budget, there would be a somewhat greater saving at the departmental level in Washington if the subject programs were brought together in the Federal Security Agency. The Bureau's figures are, however, highly conjectural, although even on the basis of these data, when both departmental and regional levels are considered, practically no economy is shown by the Bureau in favor of the Department of Labor over the Federal Security Agency. But the Bureau's figures are one-sided; they only show part of the picture. The Bureau reported on the economies involved as follows:

I. UNDER REORGANIZATION PLAN NO. 1 OF 1948—CONSOLIDATION IN THE DEPARTMENT OF LABOR

(a) At the departmental level, \$70,000. This would result from the integration of all activities relating to budgets and the granting of funds, and of certain administrative and staff functions which have a common purpose, such as field operation, research and statistics, and administrative services. Some change in method of operation is also contemplated. This estimate is a net figure and funds have been provided to staff the immediate office of the Commissioner of Employment as contemplated by the plan.

(b) At the field level, \$180,000. These savings can be achieved through joint use of existing field staffs of the two bureaus. Since the Department of Labor has no predetermined regional structure, some adjustments of regional patterns will be possible. The entire staff will be composed of working technicians with no supervisory structure above them.

II. CONSOLIDATION IN THE FEDERAL SECURITY AGENCY

(a) At the departmental level, \$91,000. This saving would result from integration of the State budgetary and grants process and the consolidation of certain common services, and in addition, from saving in personnel consultants which will be possible because the Federal Security Agency already has complete regional coverage in this area.

(b) At the field level, \$155,000. This saving would result from the joint use of existing field staff, including auditors; the absorption of certain space and other overhead costs at the regional level.

Although the two estimates are arrived at by a separate set of calculations arising from the differing methods of operation in the two agencies, it is apparent that the resulting economies under either arrangement are not in total far apart.

From this seemingly simple statement of comparative savings, the impression is given that it makes little difference whether the two programs are brought together under the Department of Labor or the Federal Security Agency. But there is a statistical joker in the comparison.

What is shown by the figures of the comparison is that there is economy in bringing the employment service and unemployment compensation functions together in the same department as each department is now organized. The minority is wholly in agreement that the two functions should be brought together and that economies should result.

What is not fully shown by the figures of the comparison is that the Department of Labor would no longer require its Employment Service regional offices, and that still greater savings would result, if the subject programs were placed in the Federal Security Agency. In other words, the Bureau of the Budget's estimates on savings for consolidation of the programs in the Federal Security Agency show only the savings that would be possible by the internal absorption of the United States Employment Service by the Agency; the estimates do not carry all the additional savings that would stem out of abolition of the regional offices of the Department of Labor. The estimates, in effect, assume the continued existence of regional offices of the Department of Labor in any event.

Since the costs of operating the regional offices (only) by the Department of Labor were in excess of \$1,500,000 for 1947 and are estimated at more than \$500,000 for 1948, the minority cannot agree with the majority that the question of economy can be ignored in this issue. In any case, there is no support for any argument to the effect that Reorganization Plan No. 1 will "promote economy to the fullest extent" in accordance with the Reorganization Act.

For reasons cited above, particularly in connection with the need for increased employer confidence in the employment service and in regard to the desirability of eliminating parallel sets of Federal regional offices, employees, and agencies dealing with the State governments, the minority believes that the plan further fails to meet the objectives of the Reorganization Act. Namely, it does not tend to "increase the efficiency of the operations * * * to the fullest extent practicable."

Neither does the plan "reduce the number of agencies" dealing with the State governments. In fact, it would tend to perpetuate the existing number when the number could be reduced by transferring the United States Employment Service to the Federal Security Agency. Nor does the plan "abolish * * * functions" when the regional offices of the Department of Labor could be abolished by transfer of the Employment Service to the Federal Security Agency.

REORGANIZATION PLAN SHOULD BE REJECTED

In conclusion, the minority finds no compelling evidence to support the efficacy of Reorganization Plan No. 1 of 1948. Although it is obvious that some economy and efficiency would result if the United States Employment Service and the Bureau of Employment Security were to be brought together in a single department of government, it is equally apparent to the minority that still greater economy and efficiency would result if these units were consolidated in the Federal Security Agency rather than in the Department of Labor. This seems so obvious on the face of the evidence that it leads the minority to wonder why the President did not see it.

There is another compelling reason why Reorganization Plan No. 1 of 1948 should not be approved at this time. The whole question of the organization of the executive branch of the Government is now being studied by a commission specifically created for that purpose by Public Law 162, of the first session of the Eightieth Congress.

The Commission created by that act is comprised of 12 members, 4 of whom were appointed by the President, 4 by the President pro tempore of the Senate, and 4 by the Speaker of the House of Representatives. The present membership of that Commission is as follows:

Herbert Hoover, Chairman
 Dean C. Acheson, Vice Chairman
 James Forrestal, Secretary of Defense
 Arthur S. Flemming, Civil Service Commission
 George H. Mead, Dayton, Ohio
 George D. Aiken, Senator from Vermont
 John L. McClellan, Senator from Arkansas
 James K. Pollock, Ann Arbor, Mich.
 Joseph P. Kennedy, Hyannis Port, Mass.
 Clarence J. Brown, Representative from Ohio
 Carter Manasco, Representative from Alabama
 James H. Rowe, Washington, D. C.
 Francis P. Brassor, Washington, D. C., secretary to the Commission
 Lawrence Richey, Washington, D. C., special assistant to the Chairman

The Commission on Organization of the Executive Branch of the Government is empowered to—

study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government, to determine what changes therein are necessary in their opinion to accomplish the purposes set forth in section 1 of this Act—

and is required to make a report of its findings and recommendations to the Congress within 10 days after the Eighty-first Congress is convened and organized.

The ability and the character of the membership of the Commission should be and are a guaranty that it can and it will present to the Eighty-first Congress an over-all plan designed to promote economy and efficiency by (1) limiting expenditures; (2) eliminating duplication and overlapping; (3) consolidating services, activities, and functions; (4) abolishing unnecessary services, activities, and functions; and (5) defining and limiting executive functions, services, and activities, without impairing the efficiency of public service.

The defeat of the pending plan, by passage of House Concurrent Resolution 131, will serve to maintain the status quo of the United States Employment Service and the Bureau of Employment Security for the few months remaining before completion of the studies of the Commission on Organization of the Executive Branch of the Government.

Any loss of economy or efficiency resulting from continued separation of the United States Employment Service and the Bureau of Employment Security for the next few months would be more than offset by the expense and confusion of a later reshuffling of these

functions, which would be required should the Commission make any recommendations further affecting the location and operation of these agencies.

WILLIAM E. JENNER.

IRVING M. IVES.

ROBERT A. TAFT.

(Senator Donnell, absent by leave of the Senate, was unable fully to set forth his views in this minority report and therefore did not sign; he will express his views in the debate.)



DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued March 17, 1948
For actions of March 16, 1948
80th-2nd, No. 50

CONTENTS

Agricultural appropriation bill (individual items not indexed).....1	Foreign affairs Relief.....14	Oleomargarine.....2,5,10
Appropriations.....1	Information.....16	Organization, executive.. 8
Electrification.....19	Lands, reclamation.....13	Personnel.....9,12
Expenditures.....17	Legislative program.....11	Roads.....18
Flood control.....13	Lend-lease.....3	Subsidies.....16
	National defense.....15	Taxation.....2,5,6,10
	Newsprint.....7	Tobacco.....6
		Transportation.....4

HIGHLIGHTS: House committee reported agricultural appropriation bill; Rep. Colmer reserved points of order; debate to begin today. House committee voted to table oleo-tax repeal bills for remainder of year; Rep. Abernethy criticized this action. Rep. Lenke criticized "false propaganda," particularly from USDA, on subsidies. Sen. Murray introduced and discussed measure to establish Missouri River Basin Commission.

HOUSE

- 1. AGRICULTURAL APPROPRIATION BILL, 1949.** The Appropriations Committee reported this bill, H. R. 5883 (H. Rept. 1571) (pp. 3069-70). Rep. Colmer, Miss., reserved all points of order on the bill (p. 3070).
Representatives of the Department agencies have been advised in detail of the Committee's actions on the Budget estimates. Copies of the bill, report, and hearings will be distributed as soon as received, pursuant to a distribution list that has already been worked out with the bureaus and offices. Except in case of unavoidable emergency, copies should be obtained through the bureau budget offices rather than from this office. General debate on the bill is expected to begin on the floor of the House today.
At the end of this Digest is a statement of the funds carried in the bill, etc., together with a summary comparison of the Committee actions with the 1949 Budget estimates and with total anticipated funds available in 1948.
- 2. OLEOMARGARINE TAXES.** Rep. Abernethy, Miss., said the Agriculture Committee had voted, 16-10, not to take up the oleomargarine-tax repeal bills, and criticized this action (p. 3065).
- 3. LEND-LEASE REPORT.** Both Houses received from the President a report on lend-lease operations from 1941 through June 1947 (H. Doc. 563) (pp. 3007, 3036).
- 4. TRANSPORTATION.** Passed without amendment S. J. Res. 172 continuing through 1948 the authorization for Canadian vessels to transport iron ore between U. S. ports on the great lakes (p. 3023).

5. OLEOMARGARINE TAXES. The "Daily Digest" states that the Agriculture Committee "met in executive session...and voted to table all pending oleomargarine bills for the remainder of the Eightieth Congress" (p. D247).
6. TOBACCO TAXES. The Ways and Means Committee voted to report, but did not actually report, H. R. 5645, to provide for assistance to States in collecting sales and use taxes on tobacco (p. D248).
7. NEWSPRINT TARIFF. The Ways and Means Committee voted to report, but did not actually report, H. R. 5553, extending until July 1, 1949, the free entry of newsprint paper in small widths (p. D248).

SENATE

8. REORGANIZATION. Agreed, 58-25, to H. Con. Res. 131, expressing disapproval of the President's reorganization plan which would have transferred USES and the Bureau of Employment Security from the Federal Security Agency to the Labor Department (pp. 2981-3007). This action kills the plan.
9. PERSONNEL. Sens. Langer, Thye, and O'Connor were appointed conferees on S. 1486, to provide for payment of salaries covering periods of separation from Government service in the case of persons improperly removed (pp. 3013-4). The Senate version would make this provision retroactive to Jan. 1, 1947, whereas the House version would make it effective with enactment of the bill. In addition, the House inserted a new provision, not in the Senate version, to permit the head of any department or agency to remove summarily any officer or employee in his organization on grounds of national security.
Sen. Hickenlooper, Iowa, inserted the President's recent directive against revealing information from loyalty files, and he and Sen. Knowland, Calif., claimed that the Atomic Energy Act authorizes the Joint Committee on Atomic Energy to obtain such files (pp. 3015-6).
10. OLEOMARGARINE TAXES. Sen. Camper, Kans., inserted an editorial from Hoad's Dairyman favoring such taxes (p. 3008).
11. LEGISLATIVE PROGRAM. Sen. Wherry, Nebr., said debate on the tax bill will be delayed until Thurs., in view of the President's message to be delivered today (p. 2981).

BILLS INTRODUCED

12. PERSONNEL. S. 2324, by Sen. Langer, N.Dak., to grant a preference to certain former employees and temporary and war-service-indefinite employees of the U.S. in obtaining a permanent civil-service status. To Post Office and Civil Service Committee. (p. 3008.)
S. 2325, by Sen. Langer, N.Dak., to enable certain former officers or employees of the U.S. separated from the service subsequent to January 23, 1942, to elect to forfeit their rights to civil-service retirement annuities and to obtain in lieu thereof returns of their contributions with interest. To Post Office and Civil Service Committee. (p. 3008.)
13. FLOOD CONTROL; RECLAMATION. S.J. Res. 197, by Sen. Murray, Mont., to establish a commission to report on the development and conservation of the resources of the Mo. River Basin. To Public Works Committee. (p. 3008.) Remarks of author explaining the bill (pp. 3017-8).
14. FOREIGN AID. S. 2331, by Sen. Smith, N.J., to provide for the special care and

H. CON. RES. 131

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26 (legislative day, FEBRUARY 2), 1948

Referred to the Committee on Labor and Public Welfare

MARCH 4 (legislative day, FEBRUARY 2), 1948

Reported adversely by Mr. BALL and placed on the calendar

MARCH 16 (legislative day, MARCH 15), 1948

Considered and agreed to

CONCURRENT RESOLUTION

1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That the Congress does not favor the Reorgan-
3 ization Plan Numbered 1 of January 19, 1948, trans-
4 mitted to Congress by the President on the 19th day of
5 January 1948.

Passed the House of Representatives February 25, 1948.

Attest:

JOHN ANDREWS,

Clerk.

CONCURRENT RESOLUTION

Against adoption of Reorganization Plan Numbered 1 of January 19, 1948.

FEBRUARY 26 (legislative day, FEBRUARY 2), 1948
Referred to the Committee on Labor and Public Welfare
MARCH 4 (legislative day, FEBRUARY 2), 1948
Reported adversely and placed on the calendar
MARCH 16 (legislative day, MARCH 15), 1948
Considered and agreed to

date: 5/1/48



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 80th CONGRESS, SECOND SESSION

Vol. 94

WASHINGTON, TUESDAY, MARCH 16, 1948

No. 50

Senate

(Legislative day of Monday, March 15, 1948)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

We pray unto Thee, O God, and call Thee our Father.

Since Thou art our Father, we are Thy children; and if Thy children, we need never despair, no matter how dark and troubled our horizons.

Teach us not to despise the life we are called to live, since it was given us by Thee. Teach us not to neglect the task of today because we cannot see its eternal effect. Teach us not to neglect the little duties which are training us for a great stewardship.

Help us to give a good account of this day for Jesus' sake. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Monday, March 15, 1948, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on March 15, 1948, the President had approved and signed the act (S. 1317) to give to members of the Crow Tribe the power to manage and assume charge of their restricted lands, for their own use or for lease purposes, while such lands remain under trust patents.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had agreed to a concurrent resolution (H. Con. Res. 160) providing that the two Houses of Congress assemble in the Hall of the House of Representatives on Wednesday March 17, 1948, at 12:30 p. m., for the purpose of receiving such communications as the President of the United States shall be pleased to make to them.

The message also announced that the House had passed the bill (S. 1486) to provide for payment of salaries covering

periods of separation from the Government service in the case of persons improperly removed from such service, with an amendment in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the amendments of the Senate to the concurrent resolution (H. Con. Res. 155) entitled "Concurrent resolution to continue the Joint Committee on Housing beyond March 15, 1948, and for other purposes."

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 183. An act to transfer lot 1 in block 115, city of Fairbanks, Alaska, to the city of Fairbanks, Alaska;

H. R. 238. An act for the extension of admiralty jurisdiction;

H. R. 2273. An act to amend the act of May 29, 1944, providing for the recognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal;

H. R. 3229. An act to exempt Hawaii and Alaska from the requirements of the act of April 29, 1902, relating to the procurement of statistics of trade between the United States and its noncontiguous territory;

H. R. 4090. An act to equalize retirement benefits among members of the Nurse Corps of the Army and the Navy, and for other purposes;

H. R. 4455. An act to authorize the conveyance by the Secretary of the Interior to the Richmond, Fredericksburg & Potomac Railroad Co. of certain lands lying in the bed of Roaches Run, Arlington County, Va., and for other purposes;

H. R. 4725. An act to confer jurisdiction on the several States over offenses committed by or against Indians on Indian reservations;

H. R. 5112. An act to amend the Civil Service Retirement Act of May 29, 1930, as amended;

H. R. 5287. An act to amend section 58d of an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto;

H. R. 5470. An act to repeal subsection (b) of section 3 of the act of December 30, 1947; and

H. J. Res. 320. Joint resolution to authorize the issuance of a special series of stamps commemorative of the one hundredth anniversary of the creation of the Territory of Minnesota.

LEGISLATIVE PROGRAM

Mr. WHERRY. Mr. President, I should like to make a statement at this time for the information of the Senate.

The tax bill, which was expected to be brought up Wednesday, will be delayed until Thursday. It is felt that because of the joint session of the two Houses on Wednesday which the President has requested, and the address which will be made by him, the tax bill should be taken up Thursday instead of Wednesday, as was previously announced.

I should like to state further that the distinguished Senator from South Dakota [Mr. GURNEY] has asked that the Senate proceed with the consideration of Calendar No. 657, House bill 3051, after the disposition of the unfinished business, which is House Concurrent Resolution 131, relating to Reorganization Plan No. 1.

REORGANIZATION PLAN NO. 1

The Senate resumed the consideration of the concurrent resolution (H. Con. Res. 131) against adoption of Reorganization Plan No. 1 of January 19, 1948.

The PRESIDENT pro tempore. From this point, under the unanimous-consent agreement, the time is in the control of the Senator from Missouri [Mr. DONNELL] and the Senator from Minnesota [Mr. BALL].

Mr. MILLIKIN. Mr. President, will the Senator from Missouri yield to me to make an announcement?

The PRESIDENT pro tempore. The Senator from Missouri is recognized.

Mr. DONNELL. I yield to the Senator from Colorado.

The PRESIDENT pro tempore. This is in the time of the Senator from Missouri.

Mr. DONNELL. I understand the Senator from Colorado has a very brief statement to make.

The PRESIDENT pro tempore. The Senator from Colorado.

Mr. MILLIKIN. Mr. President, I ask unanimous consent that the Committee on Finance may file a report to accompany House bill 4790, a bill to reduce individual income-tax payments, and for other purposes, after the recess is taken today.

The PRESIDENT pro tempore. Without objection, the order is made.

Mr. DONNELL. Mr. President, I rise to favor the adoption of House Concurrent Resolution 131, by which it is declared that the Congress does not favor Reorganization Plan No. 1 of January 19, 1948. I wish to state that at this moment I yield to myself 45 minutes of the 2 hours which are allotted to this side of the question.

The PRESIDENT pro tempore. The Senator from Missouri is recognized for 45 minutes.

Mr. DONNELL. It will be noted, Mr. President, by reference to the language of the concurrent resolution, that although I rise in an affirmative attitude, in fact I am rising in opposition to Reorganization Plan No. 1 of January 19, 1948.

This concurrent resolution, by which it is declared that the Congress does not favor the reorganization plan, passed the House of Representatives February 25, 1948, by a voice vote. Thus it was that the House of Representatives evidenced its disapproval of the proposed plan.

Mr. LODGE. Mr. President, will the Senator yield to me for a moment that I may suggest the absence of a quorum?

The PRESIDENT pro tempore. Does the Senator from Missouri yield for that purpose?

Mr. DONNELL. I do not care to yield for that purpose.

The PRESIDENT pro tempore. The Senator from Missouri declines to yield.

Mr. DONNELL. The Senate Committee on Labor and Public Welfare has recommended that the concurrent resolution do not pass; that is to say, the Senate Committee on Labor and Public Welfare favors the President's reorganization plan. The vote of the members of that committee, however, was not unanimous. It was nine in favor of recommending that the concurrent resolution do not pass and four in opposition to the recommendation that the resolution do not pass. Four members of the Senate Committee on Labor and Public Welfare, therefore, namely, the Senator from Indiana [Mr. JENNER], the Senator from New York [Mr. IVES], the Senator from Ohio [Mr. TAFT], and the speaker at the moment, are opposed to the President's reorganization plan.

What does the reorganization plan propose to do? First, it transfers to the Department of Labor the United States Employment Service. It transfers also to the Secretary of Labor the functions of the Federal Security Administrator with respect to the United States Employment Service.

I call to the attention of the Senate particularly at this moment the fact that the United States Employment Service is today temporarily in the Department of Labor, but only until 6 months after the official termination of the war, when the United States Employment Service will automatically revert to the Federal Security Agency.

The effect of the reorganization plan, so far as it concerns the United States Employment Service, is therefore to prevent the return of that service to the Federal Security Agency 6 months after the official termination of the war, and to

establish the United States Employment Service in the Department of Labor. So much, for the moment, as to the effect of the proposed plan upon the United States Employment Service.

In the second place, the proposed plan transfers from the Federal Security Agency to the Department of Labor the Bureau of Employment Security of the Federal Security Agency. The Bureau of Employment Security is the one which administers the Federal responsibilities relating to the unemployment-compensation system.

The plan further transfers from the Federal Security Administrator to the Secretary of Labor the functions of the former with respect to unemployment compensation and his functions under the Federal Employment Tax Act, as amended.

Further referring to the Bureau of Employment Security, that is to say, the Bureau which administers the Federal responsibilities relating to the unemployment-compensation system, the plan provides that there shall be in the Department of Labor a Commissioner of Employment, to be appointed under the classified civil service by the Secretary of Labor, at a salary of \$10,000 a year.

The duties of the Commissioner of Employment are thus described:

There shall be in the Department of Labor a Commissioner of Employment, who shall be appointed under the classified civil service by the Secretary of Labor, receive compensation at the rate of \$10,000 per annum, and perform such of the functions transferred by the provisions of this plan as the Secretary shall designate.

Mr. President, finally, with the exception of some minor provisions, the plan provides that the Federal Advisory Council—established pursuant to the Wagner-Peyser Act of June 6, 1933—shall "advise the Secretary of Labor and the Commissioner of Employment with respect to the administration and coordination of the functions transferred by the provisions of this plan."

Mr. President, after this somewhat lengthy statement of the contents of the plan, may I boil down in a very few words, the ultimate effect of the President's reorganization plan? It is twofold. First, it will prevent the reversion of the United States Employment Service to the Federal Security Agency, which reversion will, in the absence of the plan, occur under existing law 6 months after the termination of the war, and will establish that service, that is to say, the United States Employment Service, in the Department of Labor.

In the second place, the effect of the plan is to transfer from the Federal Security Agency to the Department of Labor the functions of the Federal Security Agency respecting unemployment compensation. Therefore, if the plan should become effective both unemployment compensation and employment service functions of the Federal Government will be vested in the Department of Labor.

I should call attention at this moment to the fact that the Federal functions with respect to both unemployment compensation and employment service are supervisory rather than operative. Each

allocates funds to the States for operation by the States of the actual local compensation and employment offices.

So far as I know, it is generally agreed that it is advisable and important that the Federal functions relating to unemployment compensation and employment service be administered in the same department. Therefore, inasmuch as this plan proposes to vest both these functions in the Department of Labor, the question, Mr. President, as I see it, is, in which department should they be administered? The reorganization plan makes the very succinct response that they should be administered in the Department of Labor.

My position in opposing the reorganization plan is twofold. First, that no action toward changing existing law concerning the unemployment compensation and the employment service Federal functions should be taken until the Commission on Organization of the Executive Branch of the Government shall have reported. That Commission, of which former President Hoover is Chairman, is working under Public Law 162, of which my distinguished friend, who was in his seat but a moment ago, the Senator from Massachusetts [Mr. LODGE], is one of the authors, was passed by the Eightieth Congress and approved July 7 last.

Second, that the functions relating respectively to unemployment compensation and employment service should not in any event be at this time placed in the Department of Labor.

Mr. President, there was a poll taken recently of the various State employment security agencies. The poll was designed to ascertain whether or not the members of that organization favored an active participation by the organization, either for or against the plan. It was not a poll to ascertain the individual opinions of the men who constitute those agencies. In that poll, which was to ascertain whether or not the organization, the conference itself, should take affirmative, positive action, it is significant to note that in favor of taking such positive action there were only 10 of the States that voted affirmatively. Twenty-four of the States voted against taking affirmative action by the conference. Ten of them were neutral, and four were not voting. So, Mr. President, I take it that in an organization which would naturally be loath, much more loath perhaps than would the individual component members, to take affirmative steps with respect to opposition to a proposed plan, nevertheless 24 out of the 44 States voted affirmatively in favor of taking affirmative steps in opposition to the plan.

Mr. President, addressing myself to the first point of my position, namely, that no action toward changing the existing law governing the unemployment compensation and employment service Federal functions should be taken until the Hoover commission shall have reported, I desire to submit certain observations.

There has been filed in the Senate minority views on behalf of three of the four members who dissented from the majority report of the members of the Committee on Labor and Public Welfare. It is pointed out in the minority views

that there is a compelling reason why the plan should not be approved at this time. I think the minority has stated it so explicitly and clearly that I could do no better than to read a brief portion upon this point. Say these views of the minority:

The whole question of the organization of the executive branch of the Government is now being studied by a commission specifically created for that purpose by Public Law 162, of the first session of the Eightieth Congress.

The Commission created by that act is comprised of 12 members, 4 of whom were appointed by the President, 4 by the President pro tempore of the Senate, and 4 by the Speaker of the House of Representatives. The present membership of that Commission is as follows: Herbert Hoover, Chairman; Dean C. Acheson, Vice Chairman; James Forrestal, Secretary of Defense; Arthur S. Flemming, Civil Service Commission; George H. Mead, Dayton, Ohio; George D. Aiken, Senator from Vermont; John L. McClellan, Senator from Arkansas; James K. Pollock, Ann Arbor, Mich.; Joseph P. Kennedy, Hyannis Port, Mass.; Clarence J. Brown, Representative from Ohio; Carter Manasco, Representative from Alabama; James H. Rowe, Washington, D. C.; Francis P. Brasseur, Washington, D. C., secretary to the Commission; Lawrence Richey, Washington, D. C., special assistant to the Chairman.

Mr. President, this notable legislation under which the Commission was created declares it—

To be the policy of Congress to promote economy, efficiency, and improved service in the transaction of the public business in the departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government by—

- (1) Limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions;
- (2) Eliminating duplication and overlapping of services, activities, and functions;
- (3) Consolidating services, activities, and functions of a similar nature;
- (4) Abolishing services, activities, and functions not necessary to the efficient conduct of Government; and
- (5) Defining and limiting executive functions, services, and activities.

For the purpose of carrying out the policy which I have just read, the Commission, which is a bipartisan commission, was established by law. There sits in the chair at this moment my distinguished friend [Mr. LODGE] to whom I made reference a few moments ago, and who is one of the authors of this notable item of legislation of the present Congress.

It was suggested in some circles recently that the argument that action on the President's reorganization plan should be postponed until after the Hoover Commission shall have reported is negated by certain remarks of the House Committee on Expenditures in the Executive Departments, made a few months ago when it reported favorably on establishing the Hoover Commission. Before I read what that House committee stated, let me invite attention to the fact that under the terms of the act, Public Law 162, it is provided that within 10 days after the Eighty-first Congress is convened and organized the Commission shall make a report of its findings and

recommendations to the Congress. I call attention to this fact because of the obvious situation that no protracted delay would result from the adoption of the suggestion, which I make, of postponing action on the matters embraced in the President's reorganization plan until after the Hoover report shall have been submitted.

The House Committee on Expenditures in the Executive Departments stated when it reported in favor of the Hoover Commission bill:

The committee wishes to point out that the establishment of the Commission provided for in this bill will in no way supersede or interfere with the functions and work of any congressional committee, or with the rights and prerogatives of the President to reorganize the executive department under the provisions of the reorganization act. * * * Various congressional committees will be entirely free to continue their usual work of investigation and study of the activities and functions of the various divisions of Government coming under their jurisdiction; and the President may order departmental reorganization just as he has done in the past.

With this statement of the House committee I have no quarrel. It is certainly true that the rights and prerogatives of the President are not in the slightest affected by Public Law 162. It is true, of course, that the committees are entirely free to continue their usual work of investigation and study, and this has been done. The President has presented his plan. The Committee on Labor and Public Welfare has considered the plan. But, Mr. President, notwithstanding this observation by the House committee, it is certainly not obligatory upon the Senate of the United States to approve this plan if as a matter of sound business judgment it deems it inadvisable so to do. The House of Representatives whose committee itself reported as I have indicated, has also as I earlier stated, adopted this resolution of disapproval of the plan by a voice vote. Among the points made very clearly in the report of the committee is the fact that the Hoover Commission is functioning, and that we should wait until after it reports.

So I suggest and earnestly submit that, as a matter of sound business judgment, when this Commission, for which, as I understand, approximately \$750,000 was initially appropriated for carrying out its functions, shall have reported on the various subject matters relating to the overlapping and duplicating of departments, it is sound business judgment that we should not now undertake to prejudge what should be done and adopt this reorganization plan, with the considerable changes in the executive structure which the plan contemplates. So much, for the moment, for the first point of opposition to the proposed plan.

I pass now to the second point of opposition to the plan. The second point is, as I have stated, that the unemployment compensation functions, the Employment Service functions, should not be placed in the Department of Labor. Mr. President, from the passage of the Federal Social Security Act of 1935 the unemployment compensation functions have continuously been in the Social Se-

curity branch of the Government, and have never been in the Department of Labor. This is true in spite of the report which was made by the Committee on Economic Security back in the early part of 1935, in which it recommended as follows:

The collection of the Federal tax and investment of the reserve funds should be under the control of the Secretary of the Treasury. All other aspects of Federal participation in unemployment compensation should be a responsibility of the Department of Labor.

That was the recommendation of the committee. Its members included Frances E. Perkins, Secretary of Labor, as chairman; Mr. Morgenthau, Secretary of the Treasury; the Attorney General, Mr. Cummings; the Secretary of Agriculture, Mr. Wallace; and the Federal Emergency Relief Administrator, Mr. Hopkins.

Yet notwithstanding the recommendation of that committee, that the functions relating to unemployment compensation should be a responsibility of the Department of Labor, Congress placed those functions not in the Department of Labor, but in the social-security branch of the Government.

It is interesting to observe that the social-security bill, House bill 7260, as it passed the House of Representatives, and as reported by the Senate Committee on Finance, placed the Social Security Board under the Department of Labor. I refer to Report No. 628 of the Senate.

But the Senate did not concur in the action of the House, or in the action of its own Committee on Finance, and, as finally passed by the Senate and ultimately by the House of Representatives, the bill did not place the Social Security Board in the Department of Labor, but established it as an independent agency.

However, at the outset of the United States Employment Service under the Wagner-Peyser Act of 1933, the Employment Service was created by Congress in the Department of Labor. President Roosevelt, in his Reorganization Plan No. 1 of 1939, placed the Employment Service in the Federal Security Agency. Said President Roosevelt in a message transmitting that plan to Congress—page 63, U. S. C. A., titles 5 and 6, 1947, Cumulative Annual Pocket Part:

I find it necessary and desirable to group in a Federal Security Agency those agencies of the Government, the major purposes of which are to promote social and economic security, educational opportunity, and the health of the citizens of the Nation.

Continuing, the President said:

The agencies to be grouped are the Social Security Board, now an independent establishment, the United States Employment Service, now in the Department of Labor, the Office of Education, now in the Department of the Interior, the Public Health Service, now in the Treasury Department, the National Youth Administration, now in the Works Progress Administration, and the Civilian Conservation Corps, now an independent agency.

So, Mr. President, it will be noted that although Congress had in 1933 placed the Employment Service in the Department of Labor, 6 years later the President placed it in the Federal Security Agency.

Continuing, the President said:

The Social Security Board is placed under the Federal Security Agency, and at the same time the United States Employment Service is transferred from the Department of Labor and consolidated with the unemployment-compensation functions of the Social Security Board in order that their similar and related functions of social and economic security may be placed under a single head and their internal operations simplified and integrated.

The unemployment-compensation functions of the Social Security Board and the Employment Service of the Department of Labor are concerned with the same problem, that of the employment, or the unemployment, of the individual worker.

Therefore, they deal necessarily with the same individual. These particular services to the particular individual also are bound up with the public-assistance activities of the Social Security Board.

Mr. President, not only did the President of the United States so express himself, but in the last year—1947—the Congress itself, in acting on the President's Reorganization Plan No. 2, declined to lodge the Employment Service in the Department of Labor. I should say in fairness that the proposition at that time would have left the unemployment-compensation functions in the Federal Security Agency, but would have left the Employment Service in the Department of Labor; and of course much was properly made of the fact that it was improper to divide those functions between two separate agencies. Nevertheless, the fact remains that Congress declined to adopt the suggestion of the President to lodge the Employment Service in the Department of Labor.

Mr. President, the fact is that unemployment compensation and employment service affect both the employer and the employee, and both should be administered by a neutral agency, rather than by an agency created, as is the Department of Labor, with the purpose "to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment." I mean no reflection upon the Department of Labor when I suggest very respectfully that it is formed and created as an advocate of one particular segment of our population; and however honestly and however nobly that Department may function, it is its legal duty to look at the various problems which come before it from the standpoint of that particular segment of the population, namely, the wage earners of the United States. This has been recognized in the Department of Labor itself.

There are two Assistant Secretaries who assist the present Secretary of Labor. I may say that the present Secretary of Labor, formerly a Member of this body, and formerly a member of the Federal bench, as I understand, is not and never has been a member of a labor union. But there are two Assistant Secretaries—and only two—and each of them is a labor-union member, one being a member of the A. F. of L. and the other being a member of the CIO. The third man in the upper echelon of the Department, if you please, is Mr. William L.

Connolly, who is the Director of the Bureau of Labor Standards, and who is also a member of a labor union, namely, the American Federation of Labor.

It may be suggested, and doubtless will be, that there is no bias that can or will be shown by the Department of Labor in the administration of its functions. I point out the fact that under date of August 7, 1946, a letter went forward from the President of the American Federation of Labor to the presidents and secretaries of the State federations of labor, included in which letter is the following short paragraph:

We are working with the headquarters office of the USES—

That is the United States Employment Service, in the Department of Labor—in Washington on the development of national standards of employment-service operations designed to safeguard labor's interests and to minimize the dangers to labor involved in the return of the USES to State operation. However, there is much that the State federations themselves can do. We will communicate with you from time to time with respect to this matter. In the meantime it is recommended—

And thereafter follow certain recommendations.

Obviously, Mr. President, the Department of Labor was working—and I have no criticism of it for doing so—with the American Federation of Labor for the interests of that particular segment of our population. It will be recalled that last year notwithstanding the the undoubted benefit to the Nation of a joinder of the two functions in one department, the Department of Labor strongly advocated to the Senate of the United States the President's Reorganization Plan No. 2, under which those two functions—namely, unemployment compensation and employment service—were separated.

The fact is that the unemployment compensation is part, and a very important part, of a social-welfare plan. As I indicated earlier, unemployment compensation has from the passage of the Federal Security Act of 1935 been in the Social Security branch, and never in the Department of Labor. I call attention to the following brief excerpts from the 1947 Annual Report of the Federal Security Agency, at page 93:

It is important, too, that the employment-security program continue to function as part of a comprehensive system of social security. Old-age and survivors' insurance and unemployment insurance cover largely the same workers, and should move in the direction of uniformity of coverage. With uniformity, the reporting burden for employers would be simplified and the program made more understandable to workers.

The employment-security program also has close relationships with the public-assistance programs. Since both are Federal-State programs, both have been subject to a single set of personnel merit-system standards and, in many ways, a single set of fiscal standards. These devices make for ease and economy of administration, and should be continued and expanded.

Mr. President, in the minority views, as set forth in the pamphlet which has been circulated, at pages 2 and 3, is a most interesting and instructive statement of the relation of unemployment compensation and employment service to

the functions of the Federal Security Agency. I shall not read those pages. I assume they are upon the desks of all Senators. But in the course of the discussion of the fact that unemployment compensation and employment service are related to functions in the Federal Security Agency, it is pointed out that the Bureau of Employment Security is a part of a program designed to protect the homes of the Nation, through provision for the minimum income essential for the maintenance of those homes during periods of unemployment. I commend to every Senator who is now present a glance at those two pages of the report. The report continues, in part, by saying:

It is the opinion of the minority that the subject programs are related to a larger number of activities currently under the jurisdiction of the Federal Security Agency than is true of their relationship to activities under the Department of Labor.

The report points out further and very significantly that—

virtually all the programs of the Federal Security Agency involve grant-in-aid relationships with the State governments. Return of the United States Employment Service to the Federal Security Agency, which could be accomplished without any confusion or interruption of service, would merely add one additional program involving the States to those now administered by this Agency. The Department of Labor, on the other hand, has had comparatively little to do with grant-in-aid programs and the intricate problems involved in Federal-State relationships.

I see upon the floor of the Senate today Members who have been Governors of their States. I take it that every man who has served in that capacity in his own State can well realize something of the intricate and difficult situations which arise in handling the grant-in-aid programs which are administered from the Federal level down to the States, and I take it it is extremely important that the functions which relate to grant-in-aid programs should so far as possible be consolidated in one agency, and that agency, the one which has had vast experience in the handling of the various programs.

Mr. President, the majority report of the Labor Committee is in error when it states that—

It will be noted that virtually all the programs of the Federal Security Agency are primarily concerned with population not in the labor force.

As a matter of fact the old-age and survivors insurance program, which is the largest program under the Social Security Administration, covers the major portion of the labor force and, I believe, is intended ultimately to cover the entire labor force. Indeed, the old-age and survivor's insurance program is far more comprehensive in scope than are the unemployment compensation and employment service programs which deal with only a small portion of the workers in the labor force, except in a period of mass unemployment.

Mr. President, I have referred to the fact that it is important, in a matter of this kind, which involves the interests of both employers and employees, that the

administration of the programs from the Federal level should be as nearly as possible in the hands of a neutral agency. Someone may ask, "Well, how can it hurt the minority, whatever happens under the administration of unemployment compensation?" I call attention to only one illustration at the moment, namely, the matter of so-called experience rating. Mr. President, you are doubtless familiar with the fact that in, I think, all the States, or substantially all of them, there is a law which permits an employer to have his rating of the amount which he pays into the unemployment compensation fund by way of taxes reduced as his experience of unemployment goes down. In other words, if he is an employer who has but little unemployment, his rate is always lower than is the rate of the employer who has a large amount of unemployment.

It happens, Mr. President, that upon this particular subject there is a very great diversity of opinion. The opinion of the labor unions is decidedly opposed to the so-called experience-rating provisions of the State laws.

The **PRESIDING OFFICER** (Mr. LODGE in the chair). The Senator yielded 45 minutes to himself, and that time has now expired.

Mr. DONNELL. I yield to myself 15 minutes more.

I quote from Mr. Abraham L. Zwordley, speaking for the president of the United Automobile Workers of America, CIO, as follows:

We strongly urge this committee—

That was a Committee of the House on Ways and Means—

to approve the adoption of language in the Social Security Act which will abolish experience-rating provisions in State laws.

Mr. Nelson H. Cruikshank, director of social-insurance activities of the American Federation of Labor, testifying before the same committee, said:

From long experience the American Federation of Labor is convinced that the most desirable single improvement that could be made in the present Federal-State program would be the elimination of the encouragement to the enactment of experience-rating provisions in the State laws.

Mr. President, there was convened in 1946 a notable conference on labor legislation. The proceedings were published by the Department of Labor. Those present were mainly labor commissioners and representatives of organized labor. The résumé of the resolution of the committee, as it appears in the proceedings, is as follows:

The experience-rating provisions in State laws have not proven effective in stabilizing employment but have proven to be powerful incentives to the adding of disqualification and restrictive eligibility provisions to the State laws, and to narrow interpretation of those provisions with the result that many persons in need of protection of unemployment insurance are deprived of their benefits.

The committee recommends that the experience-rating provisions be removed from State unemployment-compensation laws.

So, Mr. President, I cite the attitude of the labor unions, the decision of various officials and representatives of or-

ganized labor, meeting in convention in 1946. Their proceedings, published by the Department of Labor, point out their opposition to the experience-rating provisions of the State laws. It is my understanding that it is generally considered not only by the legislatures of the States of the Union, which I think have all, or substantially all, provided for such ratings, but it has been considered proper by the Congress, by allowing certain internal-revenue credits, depending on the experience rating of the particular employer. Moreover, Mr. President, I take it that it is undoubtedly the view of the great number of employers of this country that provisions for unemployment experience rating are wholesome and sound.

We here come to a problem upon which there is this divergence of opinion, labor unions on one side, management and the legislatures of the States and the Congress of the United States upon the other. What is going to happen to the experience ratings if the unemployment service and the unemployment compensation shall be placed in the Department of Labor, which, as I have indicated, by the statute creating it, has a trustee relationship in favor of labor as a *cestui qui trust*? If time permitted I could mention other illustrations, but time does not permit. I have other illustrations at hand if needed. I may during the course of the remainder of the debate have the privilege of mentioning them.

But, Mr. President, I take it that undoubtedly if these functions be placed in the hands of the Department of Labor, which is by the very statute creating it imbued and impressed with an obligation of a trusteeship nature, we shall find the Department of Labor using its influence upon the legislatures of the States of our Union to change or perhaps even to abandon the experience-rating provisions which now exist throughout substantially all, and perhaps all, of the United States.

I understand it is asserted by the Department of Labor that it has no power whatsoever over this subject. I undertake to say again that any former governor who is a Member of this body, or any Member of this body who has been a member of a State legislature dealing with these problems, can readily testify to the tremendous influence which the Federal Government can exercise through a Federal bureau, which, on the one hand, has power over the purse-strings by reason of the power to determine whether rules and regulations have been complied with, and, on the other hand, has power to determine whether the tax offsets to which employers are claiming to be entitled, shall be allowed. I say, every former governor in this body, I think, can testify to the power which a Federal bureau, having within its grasp such powers as this, can exercise locally.

It is true, Mr. President, that the Department of Labor cannot pass either Federal or State legislation, but when the Department publishes a large list of regulations—and I have a set of them here on my desk at the moment, consisting of some 63 pages, I believe, which

outline and interpret provisions in regard to internal revenue taxation and credits on experience ratings—I say, Mr. President, when a bureau has the power to lay down rules and regulations upon that type of topic, it is very easy to see that the bureau will have tremendous power in the legislatures of our country in determining whether the present rules shall be maintained or whether there shall be a relaxation of or change in the presently existing laws.

That is merely one illustration of the fact that it is of utmost importance that these two functions, namely, the function of unemployment compensation and of employment service, shall be vested, as nearly as possible, in a neutral department.

I say that certainly the Department of Labor is not a neutral department. The question may be asked, What is a neutral department? It is hard to find any department which is entirely neutral. I dare say that the Federal Security Agency, which does not have impressed upon it the statutory duty of being the guardian of a certain segment of our population, comes more nearly, from a legal standpoint, to possessing neutrality than does the Department of Labor.

Mr. President, my time has very nearly expired. I should like to discuss, and I trust that some other Senator will discuss, the question of efficiency and economy which is inherent in this particular proposal. I shall not at the moment have time to go into that question, although I trust I shall have an opportunity before the end of the debate to say at least a few words upon that point. I will say, however, that if, instead of transferring these functions to the Department of Labor, they be permitted to remain, in the case of unemployment compensation, with the Federal Security Agency, and in the case of employment service shall revert to that Agency at the end of 6 months, there will immediately be brought about at least one very striking change in the organization of the Labor Department, namely, that the 12 regional offices which are operated at tremendous expense, I think at some point between a million and a million and a half dollars per annum, and are operated exclusively for the employment service, will close down. I am unable to see how it is possible to deny that a very substantial saving will result from that particular action in closing those offices.

I desire to conclude this portion of my remarks by saying again that this reorganization plan proposes to take out of the Federal Security Agency the unemployment-compensation function which has been there continuously since the creation of the social-security system in our country in 1935. This proposed plan would undertake to turn the functions relating to unemployment compensation over to the Department of Labor, which has never had them. Furthermore, Mr. President, the plan would lodge in the Department of Labor the Employment Service, which, under the existing law, will revert automatically, at the end of 6 months after the termination of the war, to the Federal Security Agency.

I repeat, Mr. President, that my position of opposition to the proposed plan is twofold: First, that no action of this type should be taken until after the Hoover commission, working under the Brown-Lodge bill, shall have reported in the early part of the Eighty-first Congress; and, secondly, that the functions relating, respectively, to unemployment compensation and the employment service, should not in any event at this time be placed in the Department of Labor.

How much time does my side have remaining, Mr. President?

The PRESIDING OFFICER. The Senator from Missouri has until 1 o'clock, and then 1 hour beyond that, for his side. That leaves an hour and 4 minutes to the side of the Senator from Missouri.

Mr. DONNELL. I yield the floor.

Mr. BALL. Mr. President, I yield 10 minutes to the Senator from Montana [Mr. MURRAY].

Mr. MURRAY. Mr. President, the problem which we have before us today is not as complicated as might appear from the extended debate which has taken place with regard to it.

This reorganization plan proposed by the President deals exclusively with the organizational location of the Federal supervision of the State unemployment-compensation programs and of the Federal end of our public employment service system.

Since the reorganization plan deals exclusively with the location of the Federal aspects of the unemployment compensation and the public employment service programs, it might be expected that the testimony presented to the committee would have been addressed primarily to that subject—to the relationships of the Federal aspects of unemployment compensation and the employment service to each other; to the relationships of these two programs to other functions of the Federal Government.

To the contrary, however, much of the testimony before the committee was directed not to these questions, but to the administration of unemployment-compensation and employment-service programs by the State, which is in no way affected by this reorganization plan. I feel obliged, therefore, to analyze some of the testimony presented.

We are all aware of the fact that the Federal Unemployment Tax Act provides that States may, if they choose, reduce the unemployment-benefit pay-roll-tax rates for individual employers who, for one reason or another, are able to maintain relative stability of employment. This is known as merit rating. Forty-seven States have chosen to introduce merit-rating schemes and have thereby reduced the average pay-roll-tax rates by 50 percent. There are some individuals who are of the opinion that merit rating is the sine qua non of State unemployment-compensation programs. There are others who feel that merit rating is wholly unsound. But the point I wish to emphasize is that it makes no difference what one's attitude may be toward merit rating, because merit rating is in no way, directly or indirectly, affected by either the adoption or the rejection of this reorganization plan.

Without reviewing the hearings, Senators may find it difficult to understand why the question of pay-roll tax "merit rating" should figure so prominently in the discussions of the reorganization plan. The hearings patently revealed, however, that many of the witnesses had been, as have many of us, subjected to a vigorous fear campaign based upon gross misrepresentation. For example, some powerful organizations have been bombarding their members with allegations similar to the following:

Unless this plan is defeated both in the House and in the Senate within 60 days from the introduction it will probably result in adding \$13,000,000 a year to the tax bill of * * * employers [in this State] who now save that much through merit rating.

Mr. President, I repeat that merit rating is in no way, directly or indirectly, affected by the reorganization plan. It is not surprising, however, that in face of the flood of such misinformation many well-meaning employers have been frightened into aggressively opposing this plan.

Another item that figured prominently in the testimony was "suitable work." As we all know, an unemployed worker must accept a job, if a suitable one is available, or he may be disqualified from receiving unemployment-compensation benefits. The term "suitable work" is found only in State unemployment-compensation laws. The determination of what constitutes "suitable work" is made by State officials in accordance with State laws, State precedents, and State court decisions. What constitutes "suitable work" is not subject to the review of any Federal agency, and cannot be affected in any way by the reorganization plan.

Another allegation made repeatedly was that if the United States Employment Service is located in the United States Department of Labor employers will lose confidence in the Service and will not use the local employment offices. Witnesses expressing such fears had a very difficult time explaining their position. First of all, the operating centers of our Federal-State employment-service system are the local employment offices. These offices, where all the activities come to fruition, are supervised and staffed by local officials, who are appointed in accordance with State civil-service laws. These local officials are under the direction of State administrators, who themselves are appointed in accordance with State laws and regulations. If this were not sufficient refutation of the contention that employers will not use the offices, there is the remaining fact that the United States Employment Service is now, and has been for the 2½ years since the war, located in the Department of Labor, and during the time the Federal end of the Service has been in the United States Department of Labor the local employment offices have been used more than ever by employers.

The most groundless and dangerous of all allegations made by the opponents of the reorganization plan, however, is that the Department of Labor will be biased in its administration of the Federal responsibility for these two programs. Not a scintilla of evidence has been presented

to support this allegation. The facts are that the administrative agencies responsible for the functions of these programs must, like all other administrative agencies of the Federal Government, carry out their responsibilities in accordance with the purposes and policies established by the Congress.

Any deviation from this principle would constitute a malfeasance intolerable to our democratic form of government. I label this allegation of bias as dangerous because it strikes at the very foundation of our cabinet system of government, and such allegation is designed to engender a distrust in all Government activities.

Let me now turn for a moment to the fundamental question of the relationship of unemployment compensation and employment service programs to other functions carried on by the Federal Government. Are unemployment compensation activities closely related to other activities carried on in the Federal Security Agency? Claim has been made, for example, that there is a close tie between old-age and survivors insurance and the State unemployment compensation programs. Old-age and survivors insurance provides a retirement pension for workers who have left the labor market because of old age. Unemployment compensation, however, provides earned partial wages for temporarily unemployed workers who remain in the labor market. Old-age and survivors insurance is a Federal program. Unemployment compensation programs are State programs, with Federal supervision.

The argument that unemployment compensation should remain in the Federal Security Agency because of the possibility of the States enacting temporary disability benefit programs is a non sequitur. The Federal Government has made no provision for a program for the payment of temporary disability payments. The two States which pay temporary disability benefits have established these programs on their own.

The contention that unemployment compensation activities are in some way related to the Pure Food and Drug Administration, Office of Education, eleemosynary institutions, the public health program, and other programs administered by the Federal Security Agency, is too far fetched to merit comment. On the contrary, everyone agrees to the intimate relationship between unemployment compensation and the public employment service. Both programs are in turn closely interrelated with other programs located in the United States Department of Labor. In that Department, therefore, these two programs can draw upon the resources and facilities available in the Department of Labor, and at the same time contribute to the activities and programs of the other Bureaus in that Department. The activities of the Bureau of Apprenticeship, the Bureau of Labor Standards, the Women's Bureau, and the Bureau of Labor Statistics, all deal with related aspects of the problem of maximizing and stabilizing employment. We look in vain for any comparable relationship between the unemployment compensation and employment service programs to other

activities carried on by the Federal Security Agency.

The **PRESIDING OFFICER.** The Senator's time has expired. The Senator from Minnesota can yield more time to the Senator if he desires to have it.

Mr. MURRAY. I will take 3 minutes more.

There is one other point I wish to make. There is some contention that no reorganization action should be taken until the report of the Commission on Organization of the Executive Branches of the Government, headed by Mr. Herbert Hoover, is submitted to the Congress sometime next year. I do not believe that the members of this body ever thought that, by creating that Commission, they intended to declare an interregnum during which Congress and the President, under authority we have given him, would abdicate responsibilities. I do not believe that we are justified in waiting for the report of that commission in face of the unanimous agreement that the Federal aspects of the Unemployment Compensation and Employment Service programs should be brought together under a common direction.

Concerning this study-Government Commission, I wish to remind my colleagues that a similar Commission, namely, the President's Committee on Administrative Management, which was established in 1937, studied the organization structure of the Federal Government, and recommended the organizational pattern provided for in the present reorganization plan. That Commission recommended that the Federal phases of both the Unemployment Compensation and the public Employment Service be located in the United States Department of Labor.

On the basis of the record, I am convinced that the Federal responsibility for these two programs should be brought under a common direction in the Department of Labor. In the Department of Labor, I believe they can achieve their maximum efficiency.

I urge my colleagues to reject House Concurrent Resolution 131 so that this Reorganization Plan No. 1 can be put into effect without further delay.

Mr. BALL. Mr. President, I ask unanimous consent that we may have a quorum call, and that the time be divided equally between the two sides.

The **PRESIDING OFFICER.** Is there objection to the request of the Senator from Minnesota that a quorum be called and that the time be equally apportioned between the two sides? The Chair hears none, and the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Cordon	Hickenlooper
Baldwin	Donnell	Hoey
Ball	Dworshak	Holland
Barkley	Eastland	Ives
Bricker	Eaton	Jenner
Bridges	Ellender	Johnson, Colo.
Brooks	Ferguson	Johnston, S. C.
Buck	Flanders	Kem
Bushfield	Fulbright	Kilgore
Butler	George	Knowland
Byrd	Green	Langer
Capehart	Gurney	Lodge
Capper	Hatch	Lucas
Connally	Hawkes	McCarran
Cooper	Hayden	McCarthy

McClellan
McFarland
McKellar
McMahon
Magnuson
Malone
Martin
Maybank
Millikin
Moore
Morse
Murray
Myers
O'Connor

O'Daniel
O'Mahoney
Overton
Pepper
Reed
Robertson, Va.
Robertson, Wyo.
Russell
Saltonstall
Smith
Sparkman
Stennis
Stewart
Taft

Taylor
Thomas, Okla.
Thomas, Utah
Thye
Umstead
Vandenberg
Watkins
Wherry
Wiley
Williams
Wilson
Young

Mr. WHERRY. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent.

The Senator from Washington [Mr. CAIN] is absent by leave of the Senate.

The Senator from Maine [Mr. WHITE] is absent because of illness.

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent by leave of the Senate.

The Senator from Alabama [Mr. HILL] is absent on public business.

The Senator from Rhode Island [Mr. McGRATH] is absent on official business.

The Senator from Maryland [Mr. TYDINGS] is absent because of illness.

The Senator from California [Mr. DOWNEY] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The **PRESIDING OFFICER.** Eighty-five Senators having answered to their names, a quorum is present.

Mr. BALL. Mr. President, I yield 15 minutes to the senior Senator from Utah [Mr. THOMAS].

Mr. THOMAS of Utah. Mr. President, I have been surprised—I might say shocked—by the flood of propaganda that has been put out in connection with this reorganization plan. Employers throughout the Nation evidently have been subjected to misrepresentations concerning the issues involved. I find that many of these employers have forwarded these misrepresentations on to Members of Congress, urging us to reject the reorganization plan on the basis of considerations that are in no way involved in the plan itself.

It has already been pointed out that the plan is concerned exclusively with the organizational location of the Federal aspects of unemployment compensation and the public employment service. This plan has nothing whatsoever to do with the Federal or the State laws under which these programs have been established and under which they are administered.

I wish to emphasize that the plan has nothing to do with the Federal Unemployment Tax Act, or the State pay-roll tax merit rating levied thereunder, or the amount of funds collected, or with the unemployment trust funds of the States, or with the determination of benefit amounts, with "suitable work," or with any number of other features of our unemployment-compensation program with which this reorganization plan is alleged to deal.

Yet some of us have been deluged with communications alleging that if the reorganization plan is adopted, the pay-roll tax rate will be increased and the accumulated reserves for benefit payments

will be turned into a slush fund and used for other than benefit-payment purposes. Employers cannot be expected to understand all the details of legislation pending before the Congress. They evidently are being victimized by false propaganda. I might be writing and wiring my Senators, too, if I were in their place, and were being swamped with misinformation dressed up in the garb of facts.

"Write, or better wire, your Senator," is the exhortation they are receiving. "Call upon the publishers or editors of the newspapers in your localities. Get them to join you in your opposition, so as to carry more weight with your delegation in Congress."

Some of the communications I have received are so absurd that I am chagrined to think that anyone could hold such a low opinion of Congress as to imagine that the representatives of the people could be misled by such claims.

I repeat, the reorganization plan in no way deals with the Unemployment Tax Act, the State merit tax rates levied thereunder, or the unemployment trust fund. The Federal Unemployment Tax Act not only authorizes the States to establish experience-rating programs, but leaves wide discretion to the States as to the type of program they may establish. No Federal administrator can in any way modify the States' rights in this connection.

The same is true with respect to the unemployment trust fund which is derived through State tax levies and is deposited with the Treasurer of the United States. The funds belong to the States, and are subject to withdrawal by the States only for the purposes of paying unemployment compensation benefits in accordance with the benefit formula written into each State law. No Federal official can dictate to any State or compromise the States' rights in the withdrawal and payment of the funds for the purposes for which they were collected.

What the reorganization plan does is to bring together under a Commissioner of Employment direction in the Department of Labor, where they belong, the Federal aspects of unemployment-compensation and employment-service programs. Let us not be misled in our action, by propaganda, and let us reject the House Concurrent Resolution 131, so that this reorganization plan may be adopted.

Mr. President, at this point in my remarks, in order that my statement may be illustrated by what has actually taken place in the way of propaganda, I ask unanimous consent to have printed in the Record a copy of a letter sent out by the Baltimore Association of Commerce, with an explanation; and, in addition, an explanation made in reply to the argument presented by the Baltimore Association of Commerce.

There being no objection, the matters were ordered to be printed in the Record, as follows:

BALTIMORE ASSOCIATION OF COMMERCE,
Baltimore, Md., February 2, 1948.
Re Reorganization Plan No. 1 of 1948.
To the Member Addressed:

On January 19, President Truman sent to Congress Reorganization Plan No. 1 of 1948, which proposes the transfer of the unemployment-compensation functions of the

Federal Security Agency to the Department of Labor. The plan also would make permanent the control of the United States Employment Service by the Labor Department.

Unless this plan is defeated both in the House and Senate within 60 days from its introduction, it will probably later result in adding approximately \$13,000,000 a year to the tax bill of Maryland employers who now save that much through merit rating.

You can calculate your own minimum share of this new tax by subtracting the amount you now pay from the amount you would pay if there were a 3-percent tax on your entire covered pay roll. Also, a careful consideration of the proposed plan will indicate numerous other sound objections. For example, Federal functions affecting the control of unemployment compensation should remain under a neutral agency in the interest of the public as a whole.

At present, it appears that this proposal may be defeated in the House of Representatives, but in the Senate, where it also must be defeated, the outcome is very seriously in doubt.

Last year the proposal to transfer USES permanently to the Labor Department was only defeated by a last-minute change of one vote. Both Senator TYDINGS and Senator O'CONOR voted in favor of such transfer. It is possible that their action was due in part to the fact that relatively few organizations and individuals expressed their opposition.

The association protested the transfer last year. It is again asking all Maryland congressional representatives to vote against the present enlarged proposal as set forth in the attached statement.

We feel it is highly important that Maryland businessmen telephone, telegraph, or write to Senators MILLARD E. TYDINGS and HERBERT R. O'CONOR their strong, reasoned objections to the Reorganization Plan No. 1 of 1948, as their votes may easily be the deciding factor.

You are urged to act promptly on this important issue.

Very truly yours,

W. G. EWALD,
Secretary.

STATEMENT BY BALTIMORE ASSOCIATION OF COMMERCE REGARDING REORGANIZATION PLAN NO. 1 OF 1948 (H. Doc. 499)

I. TRANSFER OF BUREAU OF EMPLOYMENT SECURITY TO UNITED STATES DEPARTMENT OF LABOR

The Bureau of Employment Security is the Federal bureau which controls various highly important aspects, on the State level, of unemployment compensation in Maryland. These aspects not only include all State administrative expenses, but the power to make regulations which can nullify the laws passed by the Maryland Legislature; such, for instance, as the present merit rating provisions, which now effect a saving to Maryland employers of approximately \$13,000,000 a year.

The present unemployment compensation system itself was set up for the benefit of the entire public, in order to assure workers who were covered by the act of cash payments to tide them over during periods when they were unemployed through no fault of their own and also to help level the ups and downs of business cycles for industry and commerce. Both of these purposes are considered as important to all citizens through their effect on the national economy.

The administration of this program, which has been in existence for more than a decade, was naturally placed both on Federal and on State levels under the control of independent agencies not connected either directly or indirectly with business or labor.

The present proposal to place the Federal control of unemployment compensation un-

der a strongly partisan agency, such as the Department of Labor, would upset the foundation of the present system, viz. its administration by a neutral agency for the benefit of the entire public. By its nature and functions, the Department of Labor would obviously be prejudiced in favor of labor, whereas the need is for administration in the interest of the public as a whole.

It is believed that the Legislature of Maryland, as representatives of the people of this State, would never authorize the transfer of unemployment compensation in Maryland from the control of an independent State agency, such as now administers it, to the Maryland Department of Labor and Industry. By the same token it seems inconceivable that the citizens of Maryland would not be strongly opposed to the placement of Maryland's independent agency under the Federal control of a special-purpose agency of whatever nature. Particularly would this be true when such an agency would have the power to cripple or destroy many of the most important features that the Maryland Legislature has enacted on this subject, merely by making changes in the regulations.

II. PERMANENT TRANSFER OF UNITED STATES EMPLOYMENT SERVICE TO UNITED STATES DEPARTMENT OF LABOR

As to the permanent transfer of USES to the United States Department of Labor, which is also proposed as a part of this program, we see no reason to alter the strong opposition to this change which we recorded last year, when this proposal was made to both the Senate and House and turned down. We feel that permanent Federal control of USES by the Labor Department would inevitably result in administrative rules and regulations which may well be harmful to employment conditions in Maryland and greatly decrease the usefulness of the agency both to labor in obtaining employment and to employers in hiring labor. It is also more than likely that such rules and regulations would increase the cost of unemployment compensation. As USES clearly should be administered on the Federal level (as well as on the State level) in cooperation with the same agency which administers unemployment compensation, then if the latter agency is properly retained under independent administration certainly USES should not be transferred permanently to the Labor Department.

We feel that this subject is important to the economic well-being of both Maryland and the Nation and to the preservation of proper legislative powers of the several States.

The purposes of the Reorganization Plan No. 1 of 1948 are simple. It provides for the continuation of the United States Employment Service in the United States Department of Labor where it is now located and the transfer of unemployment-compensation functions of the Federal Government to that Department. The plan will increase efficiency of the operations of the Government and will promote economy to the fullest extent consistent with the efficient operations of these programs.

The opponents to the reorganization plan have resorted to a scare campaign, so common in an election year. Through gross misrepresentations and untruths, they have attempted to conjure up fantastic fears in order to defeat the measure. For example, the Baltimore Association of Commerce, in a letter addressed to all of its members on February 2, declares:

"Unless this plan is defeated both in the House and Senate within 60 days from its introduction, it will probably later result in adding approximately \$13,000,000 a year to the tax bill of Maryland employers who now save that much through merit rating. * * *

"At present, it appears that this proposal may be defeated in the House of Representa-

tives, but in the Senate, where it also must be defeated, the outcome is very seriously in doubt. * * *

"We feel it is highly important that Maryland businessmen telephone, telegraph, or write to Senator MILLARD E. TYDINGS and HERBERT R. O'CONOR their strong, reasoned objections to the Reorganization Plan No. 1 of 1948, as their votes may easily be the deciding factor."

The authors of this appeal know full well that the reorganization plan has no effect upon the Federal Unemployment Tax Act of 1935, or upon the Maryland or any other State law which governs the pay-rol tax rate in the States. Although the reorganization plan has nothing to do with existing Federal and State statutes, the opposition is attempting to take this occasion to destroy the effectiveness of both the unemployment-compensation and employment-service programs in this country.

To the letter quoted above was appended a statement by the Baltimore Association of Commerce regarding Reorganization Plan No. 1 of 1948 (H. Doc. 499). An analysis of this statement is attached.

ANALYSIS OF BALTIMORE ASSOCIATION OF COMMERCE STATEMENT

1. ALLEGATION

The Bureau of Employment Security is the Federal Bureau which controls various highly important aspects, on the State level, of unemployment compensation in Maryland. These aspects not only include all State administrative expenses but the power to make regulations which can nullify the laws passed by the Maryland Legislature; such, for instance, as the present merit rating provisions which now effect a saving to Maryland employers of approximately \$13,000,000 a year.

FACT

The Federal agency administering the unemployment compensation program has no power to make regulations which can nullify any existing State or Federal law. The merit rating system referred to is provided for under the Federal Unemployment Tax Act of 1935 and the individual tax rate is governed by the Maryland unemployment compensation law. Forty-five States have merit rating provisions in their laws.

2. ALLEGATION

The present proposal to place the Federal control of unemployment compensation under a strongly partisan agency, such as the Department of Labor, would upset the foundation of the present system, viz. its administration by a neutral agency for the benefit of the entire public. By its nature and functions, the Department of Labor would obviously be prejudiced in favor of labor, whereas the need is for administration in the interest of the public as a whole.

FACT

This is sheer nonsense. The United States Employment Service has been administered by the Department of Labor during 9 of 15 years of its history and no one has cited a single case in which this agency has failed to be impartial in administering the program in the interest of the public as a whole. The Department of Labor is in the same position with respect to the administration of both the unemployment compensation and employment service programs as any other agency of the Federal Government in that it is obliged to administer legislation in accordance with the laws enacted by the Congress.

3. ALLEGATION

It is believed that the Legislature of Maryland, as representative of the people of this State, would never authorize the transfer of unemployment compensation in Maryland from the control of an independent State agency, such as now administers it, to the Maryland Department of Labor and Industry.

FACT

This is a matter to be decided entirely by the people of the State of Maryland. Sixteen States have placed unemployment compensation and employment service functions in their State departments of labor. In no State have these two programs been placed in the State counterpart of the Federal Security Agency responsible for health, welfare, and educational programs.

4. ALLEGATION

By the same token it seems inconceivable that the citizens of Maryland would not be strongly opposed to the placement of Maryland's independent agency under the Federal control of a special-purpose agency of whatever nature. Particularly would this be true when such an agency would have the power to cripple or destroy many of the most important features that the Maryland legislature has enacted on this subject, merely by making changes in the regulations.

FACT

The message transmitting the Reorganization Plan No. 1 of 1948 to the Congress stated the purposes of the plan as follows: (1) to group, coordinate, and consolidate agencies and functions of Government according to major purposes; (2) to increase the efficiency of the operation of the Government; and (3) to promote economy to the fullest extent consistent with the efficient operation of the Government. The Reorganization Act is restricted solely to the Federal Government and confers no power on anyone to cripple or destroy with regulations any part of legislation which has been enacted on this subject by any State.

5. ALLEGATION

As to the permanent transfer of the United States Employment Service to the United States Department of Labor, which is also proposed as a part of this program, we see no reason to alter the strong opposition to this change which we recorded last year, when this proposal was made to both the Senate and House and turned down.

FACT

The principal argument against the permanent transfer of the United States Employment Service to the United States Department of Labor was that the Reorganization Plan No. 2 of 1947 permanently placed unemployment compensation and the United States Employment Service in separate Government agencies. The Reorganization Plan No. 1 of 1948 overcomes this criticism.

6. ALLEGATION

We feel that permanent Federal control of the United States Employment Service by the Department of Labor will inevitably result in administrative rules and regulations which may well be harmful to employment conditions in Maryland and greatly decrease the usefulness of the agency both to labor in obtaining employment and to employers in hiring labor.

FACT

In the past 2½ years since the United States Employment Service was returned to the United States Department of Labor, the number of job placements made by the public employment offices over the country and the number of job orders received by those offices from employers have been greater than ever before in the peacetime history of the public employment service.

7. ALLEGATION

As the United States Employment Service clearly should be administered on the Federal level (as well as on the State level) in cooperation with the same agency which administers unemployment compensation, then if the latter agency is properly retained under independent administration certainly the

United States Employment Service should not be transferred permanently to the Labor Department.

FACT

This would put the cart before the horse. The job-finding activity should be given emphasis over the payment of unemployment benefits. Clearly the job-finding activity is a basic responsibility of a department of labor. Therefore the United States Employment Service properly belongs in the United States Department of Labor and the closely related unemployment compensation program should be transferred to that Department.

Mr. THOMAS of Utah. In connection with this same idea, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a communication sent out by the Texas Mid-Continent Oil and Gas Association, of Dallas, Tex., in regard to the reorganization plan, together with arguments explaining what the plan calls for, in answer to the communication sent by the Texas Mid-Continent Oil and Gas Association.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

TEXAS MID-CONTINENT OIL AND
GAS ASSOCIATION,
Dallas, Tex., January 31, 1948.

To Texas Petroleum Industry:

The unemployment-compensation fund to which you and other employers have contributed nearly \$8,000,000,000 (yes, billions) is in immediate danger of being transferred from the officially neutral Federal Security Agency to the Department of Labor, which is usually pro-labor.

Almost lost in the tumult of congressional investigations and debate on the European recovery program is another Presidential reorganization plan which will transfer unemployment compensation and other employment service functions to the Department of Labor. Labor organizations and Department of Labor spokesmen have been putting on pressure for this change in hopes of a more liberal paying out of unemployment benefits through redefinition of what constitutes "unemployment." Such redefinition will likely extend unemployment compensation to many categories not now recognized for that purpose. Under a biased administration this fund of nearly \$8,000,000,000 may be converted to job-hold-out money.

This effort is embodied in Reorganization Plan No. 1 of 1948 (H. Doc. 499). A resolution opposing this plan has been introduced in the House by Congressman CLARE HOFFMAN, chairman of the House Committee on Expenditures in the Executive Departments, and the resolution has been referred to that committee. Hearings on the resolution (H. Con. Res. 131) will begin February 5.

It is imperative that you write, wire, or call your Congressman and both Senators and voice your opposition to this move. This should be done immediately. The President's authority to submit plans of this nature (which become law unless defeated by joint resolution, adopted both by House and Senate) expires March 31, 1948. Therefore, opponents of the plan must act quickly.

To give your opposition maximum voice, it is respectfully suggested that you personally write or call upon the publishers or editors of newspapers in your locality. As employers of large groups, they will generally be disposed to join you in opposition to such a move and their views on an issue of this type will carry considerable weight with the Texas delegation to Congress.

The importance of this issue would merit the attention of your chamber of commerce organization, various civic clubs, and any other trade organizations to which you belong. The Texas delegation has been advised by this association that we are opposed to the reorganization plan. Your active participation in your community will give a tremendous boost to the effort to defeat this plan.

This is not a matter which we can brush off with the feeling that some other group will take care of it.

Yours very truly,

CHARLES E. SIMONS.

OTHER MISREPRESENTATIONS RE REORGANIZATION
PLAN NO. 1 OF 1948

Reorganization Plan No. 1 of 1948 is very simple and direct. It transfers from the Federal Security Agency to the Department of Labor the unemployment compensation functions of the Federal Security Agency and provides for their coordination through a commissioner of employment with USES activities, which, the plan provides, would remain in the Department of Labor.

That is all the plan does. It does not rescind or amend one iota of legislation governing the Federal Government's role in the Federal-State employment service and unemployment-compensation programs. It is intended simply to carry out the Reorganization Act of 1945 to provide for greater economy and efficiency of administration and to put together companion programs where they can best be administered.

The plan would relieve the Federal Security Agency of responsibilities foreign to its primary interest of administering health, welfare, educational services, and pensions and would concentrate in the Department of Labor programs concerned with bringing workers and employers together.

All well-informed people recognize this. Nevertheless, the opponents of the reorganization plan have inspired a vicious and mendacious propaganda campaign against the plan. Trade associations, themselves stimulated by an inspired campaign of misrepresentation, have urged their members to request Congressmen to oppose the plan. The most flagrant and alarming fabrications have been circulated across the country, some of which have probably returned to plague Congressmen.

For example, the Mid-Continent Oil and Gas Association on January 31 urged the Texas petroleum industry to "write, wire, or call your Congressman and both Senators and voice your opposition to the plan." And the pretext for sounding the alarm was:

"The unemployment-compensation fund to which you and other employers have contributed nearly \$8,000,000,000 (yes, billions) is in immediate danger of being transferred from the officially neutral Federal Security Agency to the Department of Labor, which is usually pro-labor.

"Almost lost in the tumult of congressional investigations and debate on the European recovery program is another Presidential reorganization plan which will transfer unemployment compensation and other employment-service functions to the Department of Labor. Labor organizations and Department of Labor spokesmen have been putting on pressure for this change in hopes of a more liberal paying out of unemployment benefits through redefinition of what constitutes "unemployment." Such redefinition will likely extend unemployment compensation to many categories not now recognized for that purpose. Under a biased administration this fund of nearly \$8,000,000,000 may be converted to job-hold-out money."

These palpable fabrications must be rejected out of hand. The unemployment compensation reserve is not now in the cus-

tody of the Federal Security Agency but is in a trust fund, owned by the States, and upon which the United States Government pays interest. The States regularly requisition these funds from the Treasury to be expended by the States in the payment of unemployment-compensation benefits without review or restriction by any Federal agency whatsoever.

The allegation that unemployment-compensation benefits would be paid by the States to workers on strike or otherwise unwilling to accept employment if the reorganization plan goes through is wholly unfounded. Everyone knows that whether or not a worker receives benefits is a matter for determination by State agencies, administering State laws. Neither the Federal Security Agency, the Department of Labor, or any other Federal agency has any influence at all in the determination of which workers do and which do not receive benefits.

Such irresponsible allegations deliberately blink the fact that for the past 2½ years, during which the United States Employment Service has been a part of the Labor Department, it has enjoyed fuller cooperation from, and has given more effective service to, employers than during any other previous period in its history, including the 3 years of its 15 years during which it was a part of the Federal Security Agency.

Mr. THOMAS of Utah. I also ask to have printed in the RECORD at this point as a part of my remarks a letter headed "News and views on legislation," sent out by the Texas Manufacturers Association, of Houston, Tex. This letter is identical with a statement issued by the South Carolina Chamber of Commerce on February 27, 1948.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TEXAS MANUFACTURERS ASSOCIATION,
Houston, Tex., March 3, 1948.

NEWS AND VIEWS ON LEGISLATION

ACTION REQUIRED IF FEPC BY DEFAULT IS TO BE AVOIDED—THIS TELLS HOW

The President's Reorganization Plan No. 1 of 1948 seeks to give the Department of Labor permanent supervisory control over the unemployment compensation and employment-service functions in the 48 States.

This will mean the subjection of the State systems to carrying out, indirectly but nevertheless effectively, FEPC policies through the rule-making and purse-string-control powers of the Secretary of Labor. Note the following:

(A) When the Labor Department put up its bitter-end fight to prevent the return of employment services to the States at the end of the war, it was responsible (arranging sponsors, drafting bills, etc.) for the introduction of the following measures to consolidate its position and extend its control over employment-service activities.

S. 1456 (Senator MURRAY, October 31, 1945) provided that no person would be referred to a job with any employer "(d) if the prospective employer discriminates against any employee or applicant for employment because of race, color, or national origin" (sec. 4).

H. R. 4437 (Mr. RAMSPECK, October 18, 1945) and its Senate companion measure S. 1510 (Senator MURRAY, October 24, 1945) empowered the Secretary of Labor to see that the States, if and when their employment services were returned, would "assure equal referral opportunities for equally qualified applicants on the basis of their qualifications" (sec. 212).

The above measures were rejected by the Congress, and the employment services were

returned to the States (H. R. 6739) without additional controls—so Congress thought.

(B) In spite of the rejection by the Congress of FEPC and other controls in the measure returning employment services to State operation, the Secretary of Labor, through his rule-making power, attempted to compel the States to accept and administer an FEPC regulation. The alternative given them was having their grants cut off for failing to comply with the rules and regulations promulgated by the Secretary. The rules promulgated by the Secretary were sent to the field on September 6, 1946. This set of rules and policy statements contained the following provision:

"It is a policy of the USES to service all orders by referring workers on the basis of occupational qualifications, without regard to discriminatory qualifications concerning race, creed, color, national origin or citizenship (unless citizenship is a legal requirement) when such workers are available."

A committee of the States met with representatives of the Labor Department on September 20 and strenuously objected to the above FEPC and other regulations.

The southern States objecting to the FEPC regulation were backed in their stand by their northern associates—the States previously having agreed to stand together on an assortment of objectionable points. The Labor Department receded on its FEPC and certain other contested positions.

However, the Department of Labor put into effect its FEPC hiring policy in the District of Columbia. It was free to do this since it has direct control of the local employment offices. This regulation is still in effect in the District.

If Reorganization Plan No. 1 prevails and the Department of Labor is given permanent jurisdiction over State Unemployment Compensation and Employment Services, that it will proceed to enforce a sub rosa FEPC is obvious.

(1) Its FEPC position will now have the official endorsement and the full backing of the President's announced position.

(2) The States will not be in the position to bargain collectively as they were when their employment offices were being returned in the fall of 1946.

(a) There will not again be the variety of issues to furnish a basis for concerted State action.

(b) The States were compelled to agree when they accepted the rules and regulations in 1946 that they would accept all future modifications and changes in those rules.

The Federal Security Agency which now has supervision over unemployment compensation and which will again have supervisory control over State employment services if Reorganization Plan No. 1 fails, has never insisted on an FEPC policy in State administration. (Note: Federal Security Agency had control of both services up to January 1, 1942, at which time the Federal Government took over and operated until November 16, 1946.)

It is inescapable, on the record, that a vote for Reorganization Plan No. 1 is a vote for an FEPC policy in the Federal administration over State employment service operations.

Write Senators CONNALLY and O'DANIEL, using this bulletin as a base—don't send it—make your letter a personal one.

Mr. THOMAS of Utah. I further ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the Social Security Service Bulletin of the Ohio Chamber of Commerce, Columbus, Ohio.

There being no objection, the bulletin was ordered to be printed in the RECORD, as follows:

[From the Social Security Service Bulletin, Ohio Chamber of Commerce, Columbus, Ohio]

SHALL UNEMPLOYMENT COMPENSATION GO TO LABOR DEPARTMENT?—AN ISSUE WHICH REQUIRES YOUR ATTENTION

"[From the Cincinnati Enquirer of November 24, 1947]

"WHY CHANGE?

"Manufacturers and businessmen who pay taxes for unemployment benefits do not see eye-to-eye with a rumored plan in Washington for a Presidential reorganization under which both the employment-service and the unemployment-compensation functions remaining at the Federal level would be transferred to the Department of Labor.

"In fact, they dislike the idea so heartily that they are protesting to the Senators and Representatives and asking their aid in defeating any such proposal.

"The matter came up before the Ohio Chamber of Commerce's social legislation committee in Columbus recently. In a resolution this committee declared it was 'deemed unwise to place jurisdiction in the Labor Department because it was established primarily to articulate the viewpoint of labor and labor organizations in national affairs. Both employers and employees have an interest in reasonable job referral standards, and in the more than \$8,000,000,000 trust fund available for benefits which has been built up primarily from taxes on employers. Continuation of the employment-service and unemployment-compensation programs under a neutral, unprejudiced agency is deemed essential to a fair and equitable system in public interest.'

"If it is true that the Labor Department's basic philosophy is directed toward the interests of labor, its administration of unemployment compensation could become rather costly and could easily be twisted from the intent of the law. We believe the Ohio protest, therefore, is warranted and that the program should be retained in an independent agency and not transferred to the Labor Department."

The reproduced editorial from the Cincinnati Enquirer tells the story.

Its background information will be helpful to Ohio business people in expressing their views to their Senators and Congressmen.

THE ISSUE

Shall the social-insurance system be changed from a public program to a "labor's right" program?

Shall employers become taxpayers only, without a word as to management of the seven to eight billion dollars in State unemployment-compensation funds?

Shall "suitable work" be defined in terms of union-contract agreements?

These things could happen if the proposed new reorganization plan should be enacted.

Other businessmen with whom you may be in contact will be interested in this issue also.

Respectfully,

PAUL J. DAUGHERTY,
Director, Social Security Department.

Mr. THOMAS of Utah. Mr. President, as I listen to the discussion on this plan I find myself somewhat confused at the position taken by the opponents of the plan with respect to economy aspects. The estimates of the Bureau of the Budget as carried in the committee minority views indicate that if this reorganization plan is adopted it will result in an annual savings of approximately \$750,000. I thoroughly agree that \$750,000 a year is not a monumental savings, but I should like to point out that this amount

is equal to the total appropriation for the Commission on Reorganization of the Executive Departments.

What is even more perplexing is the inconsistency of the opponents of this plan. On the one hand it is vigorously argued that this plan, if adopted, will effect no substantial savings over the cost of administering the unemployment compensation and employment service programs, if both are administered in the Federal Security Agency. For that reason it is urged that the Congress at this time should reject the President's plan. The rejection of this plan would mean that possibly for several years both of these programs would retain their status quo. Both would be administered in separate agencies. If it should take 2 years to receive, analyze, and adopt all or any portion of the report issued by the Hoover Commission, the delay in bringing these two agencies together would result in a needless expenditure of more than a million and a half dollars.

The point I am making is that on the one hand the opponents of this plan decry the fact that it will not effect an economy, while on the other hand they advocate action which would retain the status quo at a cost of \$1,500,000 excessive expenditure. I find it difficult, as all of you must, to reconcile these inconsistent positions.

I think the validity of the position that this plan should be adopted immediately is quite obvious. Everyone has agreed that the administration of these two programs in separate agencies is intolerable from an administrative standpoint, and also because of waste of public moneys. I think we should act and act promptly to defeat House Concurrent Resolution 131 and adopt this Reorganization Plan No. 1 of 1948. I urge all Senators to take this position with me.

Mr. President, I should like to make one further remark at this point. There is much confusion in the minds of Senators about how they should vote on the resolution, because of the fact that it is stated in the negative. I suggest that when the time for voting comes the Chair state the question in such a way that Senators can understand what it means to vote "yea" and what it means to vote "nay" in order that they may not become confused by asking and answering the questions.

The PRESIDING OFFICER (Mr. Ives in the chair). The present occupant of the chair will probably not be occupying the chair at that time; but he will see that whoever is occupying the chair at that time is properly informed.

Mr. THOMAS of Utah. I thank the Chair.

The PRESIDING OFFICER. The Chair thinks the Senator's point is very well taken.

Mr. THOMAS of Utah. Mr. President, one further remark, and my time will have expired.

For some time there has been a tendency for certain interests in our country to stand against any kind of proposal which might in any way increase the validity, workability, and ability of the Labor Department to perform its functions. Everyone knows that the Department of Labor was established for

the purpose of advancing the standards and the interest of the laboring people of our country. In the act bringing it into existence those words or similar words are used. Therefore it is sometimes assumed that the Labor Department will always administer affairs in an impartial way, being zealous for the interest and uplift of the workers of the country.

This, of course, is not borne out by history. It would never be borne out by the facts. Of course, no department of our government would be able to administer affairs when there were differences of opinion expressed in such a biased way.

Mr. President, I see no reason why the people of the United States who, during the past generation or more, have stood so firmly in favor of promoting the general welfare of our people, should not be proud to stand by the side of the Department of Labor, even if it was a little overzealous in attempting to raise the standards of those who labor in our country. Therefore the remarks made against the Department of Labor may in reality be a tremendous compliment to it. The remarks of those who would like to destroy its effectiveness may in reality be due to the fact that the Department of Labor has been effective and the wage earners of our Nation have been benefited as a result of the Department of Labor's organization and work.

I trust that in the consideration of this resolution no one will take action as a result of the biased communications we have received. I also hope that no Member of the Senate will feel justified in taking action or in casting a vote in order to make less effective that institution in our Government which has been created to benefit the general welfare of the common workers of our land.

The PRESIDING OFFICER. The Chair advises the Senator from Utah that he still has more than 2 minutes of his time remaining, if he desires to use them.

Mr. THOMAS of Utah. I shall not use them, Mr. President.

Mr. BALL. Mr. President, I yield 7 minutes to the Senator from West Virginia [Mr. KILGORE].

Mr. KILGORE. Mr. President, the proposal to postpone placing the unemployment compensation and employment service functions together under a common direction, so that the question may again be debated by some future Congress, is an unexpected development. I feel like an attorney confronted with a surprise witness.

The opponents of the reorganization plan are now suddenly saying, "Let it go—wait until the Commission on the Organization of the Executive Branch of the Government has made a report to another Congress."

They overlook the fact that the two programs which are affected by the reorganization plan have been continually studied by Congress since the close of the war. Hearings involving one or both of these programs have been held, starting back in November 1945, and continuing intermittently in both Houses of Congress in 1946, culminating in the hearings on the President's Reorganization Plan No. 2 of 1947.

In addition, there have been appropriation hearings which have been unique for their searching inquiries into the functions and activities of these two programs. It was through the Appropriation Act of 1946 that the local employment offices were returned to State administration. I dare say that more of the details are known by Congress about the purposes, relationships, and activities of these two programs than is known about any other program of Government. There should not be a Member of this body willing to acknowledge that he is lacking in information and therefore unable to arrive at an intelligent decision concerning this reorganization plan.

The Commission on the Organization of the Executive Branch of the Government is charged with the study of all executive agencies and departments of our Government. It is unreasonable to suppose that with such broad responsibilities to study the activities of myriad Government agencies, the Commission will be able to uncover any facts or principles concerning these two agencies that are not already known to the members of this body.

Mr. President, the chorus of "mañana" now being raised is as truly a legislative filibuster as if I attempted to retain the floor of the Senate from now until March 19, the date on which this reorganization plan would automatically become effective. Should I attempt such a ridiculous undertaking, I would be diverting this body from the consideration of problems of almost cosmic importance, just as the rejection of the reorganization plan would maintain the Nation's two employment-security programs in a state of confusion for another year or two, until the purposes of the reorganization plan are effected.

I have great respect for the Chairman and members of the Commission on the Organization of the Executive Branch of the Government. I feel certain that this Commission will eventually issue a report which will be helpful to some future Congress in arriving at decisions concerning the proper organization of the executive branch of Government. But, in the final analysis, this Commission is merely a fact-finding body. When the report is eventually received, Congress cannot escape its responsibility to analyze and evaluate the recommendations and to arrive at its own decisions. On the basis of the facts that we now have—the same facts that will have to be used by the Commission—I am satisfied that the Commission recommendations will be consistent with the reorganization plan we now have before us. I do not know how many Members of this body have had occasion to review the work of a similar commission, the President's Committee on Administrative Management, which was established in 1937. The report of that committee is worth studying. Interestingly enough, it recommends that programs such as the unemployment compensation and employment service should be placed in the Department of Labor.

It is argued that the Congress has established this new study-Government Commission and has appropriated several hundred thousand dollars to finance

its studies, and that after having taken such action, we should now wait until the Commission has reported.

To me, this argument is superficial. It is not reasonable to expect that the recommendations of this Commission, whatever they may be, will be acted upon by some future Congress before 1, 2, or 3 years from now. The acceptance of the reorganization plan now will result in a saving, within the next fiscal year alone, of more than the entire cost of the Commission on the Organization of the Executive Branch of the Government. The accumulated savings before the report of the Commission is finally acted upon are likely to be two or three times that amount.

I seriously doubt whether any Member of this body had the remotest notion that the establishment of the Commission was to free this body from its clear responsibility to act in accordance with the reorganization legislation of 1945. The committee recommending the establishment of the Commission on the Organization of the Executive Branch of the Government was crystal clear on this point when it said:

The committee wishes to point out that the establishment of the Commission provided for in this bill will in no way supersede or interfere with the functions and work of any congressional committee or with the rights and prerogatives of the President to reorganize the executive department under the provisions of the Reorganization Act. * * * While the Commission is in existence, various congressional committees will be entirely free to continue their usual work of investigation and study of the activities and functions of the various provisions of government coming under their jurisdiction; and the President may order departmental reorganization just as he has done in the past.

The chairman of the Commission has recently declared, with particular reference to action on the current reorganization plan, that there should be no delay pending the ultimate issuance of a report by the Commission at some future date.

Mr. President, there seems to be general consensus that the unemployment-compensation and employment-service programs should be brought together without delay in the same Department. The only question at issue is whether these two programs should be in the Department of Labor, or in some other agency of government. Why even this point should be a question at issue is incomprehensible to me. The objections that have been voiced against the inclusion of these two programs in the Labor Department seem to boil down to a serious, if not deliberate and malicious, misunderstanding of the proper functions of the Department of Labor.

The legislation which created the Department of Labor stated its purpose as being the advancement of opportunities for profitable employment. In all the years of its operation, the Department of Labor has construed this to mean the benefiting of both workers and employers by bringing them together for the furtherance of their joint interests. Thus, the expression of fear that bias and prejudice will prevent the Department of Labor from properly adminis-

tering these two programs, implies a distrust of the Department's ability to carry out its proper functions. It also implies a desire to do away with this agency of government.

If the Department of Labor is to continue, then it seems the only proper agency to administer programs whose objective, like the Department's, is to provide workers with a measure of economic security and to aid employers in securing workers. If it is not the function of the Department of Labor to find jobs for workers, then the name of this department is meaningless, and likewise there is no significance to the names of other sections of the Department, such as the Bureau of Labor Statistics, the Apprentice Training Service, the Division of Labor Standards, and the Women's Bureau. If it is the proper function of the Labor Department to find jobs for workers, then that Department must also administer unemployment compensation, since this program is so closely related to the employment-service program.

The two programs have no relation, on the other hand, to the programs of the Federal Security Agency, which deals with such needs as old-age pensions, child care, and public health. Both unemployment compensation and the public employment services are dealing with the rights of workers and employers, and should, therefore, be administered by the agency whose basic function is to protect these rights.

This is simple logic; but apparently in the controversy over this matter, logic is pitting itself against suppositions that have no foundation in fact. The Department of Labor in administering these programs cannot in any way change the laws of the individual States which determine all such matters as merit-rating systems and control of State trust funds. This is clearly indicated in the excellent report of the Senate Committee on Labor and Public Welfare. Yet there have been irresponsible contentions that there is, in fact, a fear of this, when the plain truth is that only the State legislatures, not any Federal agency, could effect any such basic change in the systems of public employment services or unemployment compensation.

It is regrettable that precious time must be wasted these days in refuting such inconsistent charges as those which have been made in this matter, for it is their very inconsistency that makes them suspect. Last year, when the United States Employment Service was being considered for inclusion in the Department of Labor, no charge of bias was made against the Department of Labor. This year, when the two programs which everyone agrees should be administered by the same agency are proposed for inclusion in the Labor Department, an argument is suddenly raised that has no basis either in the past record of the Department or in its future plans.

The PRESIDING OFFICER. The Chair dislikes to interrupt the Senator from West Virginia, but he would point out to the Senator that his 7 minutes' allotment of time has expired. The Chair assumes the Senator from Minne-

sota would be willing to give him more time.

Mr. BALL. Mr. President, I yield to the Senator a few more minutes.

Mr. KILGORE. I think the Senate Committee on Labor and Public Welfare has done an exemplary job of looking into all aspects of the controversy and reducing the proposition to clear and concise terms. It is their conclusion that the preponderance of evidence is in favor of placing both the United States Employment Service and the Bureau of Employment Security in the Department of Labor. It would be indefensible for us to prolong unnecessarily the separation of these two inter-related programs.

If some future Congress, because of needed reorganization of our executive agencies, decides that these functions should be regrouped with other activities carried on by the Federal Government, this regrouping can be more readily effectuated because the closely related activities of these two programs will have already been coordinated.

Meanwhile, all the facts in the case—and the Senate Committee which has carefully studied these facts—indicate that we should reject House Concurrent Resolution 131, so that the two programs in question can be brought together now.

Mr. BALL. Mr. President, I yield 10 minutes to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, my attitude toward certain so-called civil rights proposals is well known. But because I believe in meeting issues squarely, I am sorry that an attempt has been made to introduce the FEPC into the discussion of Reorganization Plan No. 1.

I have gone into this matter very carefully, and I am convinced that there is no justification for the allegations that the approval of Reorganization Plan No. 1 could be a means of achieving the purposes of a Fair Employment Practice Act through the operation of our public employment service system. To clear up any doubt about this question, I wish at this time to call attention to the policy which under the United States Employment Service applies in service to minority groups. Workers who constitute so-called minority or special-applicant groups in our labor force, as you know, Mr. President, vary in types of persons in the different sections of our country. I wish to remind the Senate that they include Negroes, Spanish-Americans, orientals, handicapped persons, veterans, women, and youth. The policy in serving the members of the special groups who use the public employment service is:

(a) To promote employment opportunity for all applicants on the basis of their skills, abilities, and job qualifications.

(b) To make definite and continuous effort with employers with whom relationships are established, to the end that their hiring specifications be based exclusively on job performance factors.

The implementation of this policy and the methods and procedures for carrying it out are left to the individual States. However, I have received, and I have been advised that all other southern Senators have received, communications not

quoting this policy which is currently in effect, but quoting the policy which was adopted during the war emergency by the War Manpower Commission, for the period when our public Employment Service temporarily gave up its Federal-State character in order to achieve under unified Federal operations the speed necessary for all-out manpower mobilization to win the war. Although the wartime policy has not been in effect in the local offices of the States since the return of the employment offices to State administration in November 1946, it is now alleged through skillful innuendoes and outright misrepresentations that the wartime policy will again be imposed on the States, if the United States Employment Service is permanently located in the Department of Labor. We should bear in mind that the United States Employment Service is now and for the last 2½ years has been located in the United States Department of Labor.

Because of my own interest in the public Employment Service, and because of a request from the Governor of my State that this matter receive my careful attention, I have gone to great pains to obtain the facts which I believe enable me to vote on the merits of the reorganization plan, rather than to base my vote on the reckless propaganda which has been spread around.

I wish to recount the facts as substantiated by the record of the United States Employment Service. After the war, upon liquidation of the War Manpower Commission, the return of local employment offices to State administration was imminent. No general revision was made of wartime policies until the date of return was determined. In 1946, after the date for return of the offices to the States had been determined, new policies for reestablishment of the Federal-State system were then formulated.

The first draft of the reconversion policies and regulations was forwarded, for discussion purposes, to State administrators, to members of the employment service committee of the Interstate Conference of State Employment Security Agencies, and to the executive secretary of the Council of State Governments.

I have here the communication in which the State officials were urged to give to the Director of the United States Employment Service their comments and any recommendations they thought should be taken into account in the final preparation of the policies and regulations. I wish to quote from the letter that the Director of the United States Employment Service sent to each State official at that time:

It is our sincere desire and intention to maintain a truly cooperative Federal-State undertaking in carrying out the provisions of the Wagner-Peyser Act. In that spirit we seek and invite your frank comments as well as your analysis of the attached documents in the light of the particular problems you may foresee in your own State.

Mr. President, I cannot imagine a more intelligent, fair, and cooperative approach to this problem. The Department of Labor was not engaging in double talk. A subsequent meeting was held in September 1946 by the United States Employment Service with the Employment

Service Committee of the Interstate Conference of Employment Security Agencies. At that meeting, policies and regulations were discussed in detail to the end that no provision of these documents would be in conflict with State laws and State administrative practices, and that they would promote the greatest efficiency in the operation of our public-employment service. Following the conference, representatives of the States participated in the final drafting of the policies, in the form in which they were published in the Federal Register and transmitted to the States, in October, a month and a half before the return of the employment offices to State administration in November 1946.

I would say that the way in which the policies and procedures for the Federal-State system was determined is a landmark in Federal-State cooperative relationships. And yet, just lately, and only for purposes of opposing this reorganization plan, in some of the communications I have received, and which state they are being sent to all southern Senators, the actions of the Department of Labor are made to appear as deep-dyed plots to change the present policies that were jointly agreed upon by Federal and State officials, and which have been in effect since return to our Federal-State system in 1946. As I pointed out, the present policies were formulated with the complete cooperation of the States and were issued after assurance had been received from the States that they would give rise to no problems of administration. The point I wish to emphasize is that since their adoption the United States Employment Service has received no complaint or criticism from the States, until our consideration of this reorganization plan.

A document which, I understand, has been widely circulated among us southerners, has a wholly unscrupulous intent. It says that a vote for the approval of the reorganization plan is in part an endorsement of the recently announced civil-rights program. Such allegations are vicious and untrue.

As I said in the beginning of my remarks, my position on certain civil-rights proposals is well known. But my convictions are too dear to me to be spent upon false issues masquerading in a guise ingeniously designed to win my support. The voice is the voice of Jacob, all right, but the hands are the hands of Esau. This, in my judgment, is a clumsy attempt to impose upon the intelligence and deepest sentiments of those of us who are from the South.

I am completely satisfied that this reorganization plan has no bearing upon the civil-rights proposals.

Because of this fact, and because of what seems to be unanimous agreement that these two programs should be located in the same Federal Department, I am opposed to the House Concurrent Resolution No. 131. I urge my colleagues on both sides of the aisle to join me in supporting the reorganization plan by voting down the concurrent resolution.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Mr. BALL. Mr. President, I yield 4 minutes additional time to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I thank the Senator very much.

As I have already pointed out, because local employment offices were to be transferred back to State administration, no general revision was made in the wartime policies. The August 27, 1946, field instruction was issued in order to discontinue local office reporting of discriminatory hiring practices to the liquidated FEPC.

It is true that the August 27, 1946, policy is followed by the District of Columbia Placement Center. But the District of Columbia Placement Center occupies a unique position in our public employment service system. It is not like the local employment offices of State agencies because Congress itself in passing the Wagner-Peyser Act made the District of Columbia office a part of the Federal Government. The personnel of the District offices are appointed in accordance with Federal Civil Service laws and regulations. Incidentally, the Department of Labor has recommended to the Congress that the administrative responsibility for the District of Columbia Placement Center be transferred to the District of Columbia government in order that it may also have the same relationship to the Department of Labor as is now held by other local employment offices under State administration.

Mr. BALL. Mr. President, I yield 10 minutes to the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, in the interest of continuity and the saving of time, I do not desire to yield during my remarks.

I rise to speak in support of the Senate Labor and Public Welfare Committee recommendation. It was adopted by a vote of 9 to 4. It is that House Concurrent Resolution 131 do not pass and that Reorganization Plan No. 1 of 1948 be permitted to become effective. I want to ask the Members of this body, this question:

What are we to say to the workers of this country if we turn down this plan? We must answer to the more than 59 million wage earners. They will be vitally affected by our vote on the resolution and by similar issues that will be coming before us between now and the time we adjourn or recess for the political conventions of both parties.

Thirty-seven millions of these wage earners are eligible for unemployment insurance benefits.

All wage earners are intended to be served by the local offices of the Federal-State public employment service system.

Basically, the issue that will be voted on here is this:

Shall we, or shall we not, restore to the United States Department of Labor some of the meaning that a Republican Congress and a Republican President 35 years ago, March 4, 1913, intended the Labor Department to have?

The immediate issue is whether or not we shall agree to locate the related Unemployment Compensation-Employment

Service operations in the Labor Department, where both phases of an over-all employment program can be most efficiently conducted in terms of men, money, and national welfare.

Mr. President, if we here repudiate the 9-to-4 recommendation of the Senate Labor and Public Welfare Committee, we shall, by so doing, commit a new act of discrimination against the Labor Department. It will be similar to, but more direct than, the action of Congress last year when the House proposed a 40-percent slash in the operating budget of that Department.

It is relevant to mention that on March 5, the day following the thirty-fifth anniversary of the founding of the Labor Department by a Republican Congress and a Republican President, the House Appropriations Committee recommended a further cut in the Labor Department funds, a further slash of 24.7 percent, including a 40-percent cut in funds for the Bureau of Labor Statistics, abolition of the Bureau of Veterans' Re-employment Rights, and closing down of field offices of the Women's Bureau. All in all, the House Appropriations Committee recommended an amputation that may mean dismissal of as many as 600 of the employees remaining in the Department of Labor. Compare this treatment of the Labor Department with our treatment of the Department of Agriculture, the Department of Commerce, and the Department of the Interior.

The National Labor Relations Board, which is an independent agency, requested for 1949, on an annual basis, nearly as much as the amount allowed by the House for the whole Department of Labor, excluding the United States Employment Service. For the second time in this Eightieth Congress, the House has performed a major operation upon the Labor Department.

At this rate we shall shortly have the Labor Department on a stand-by, caretaker basis, if, indeed, we do not abolish it altogether.

At the present time, the Labor Department, intended by law to serve more than 59,000,000 wage earners, has a budget of approximately \$15,400,000, or, including approximately \$64,800,000 for State employment services, and \$4,700,000 for the United States Employment Service operating expenses, a total budget of \$84,900,000. Compare either of these totals—\$15,400,000 or \$84,900,000—as you choose, for serving more than 59,000,000 wage earners, with the much greater sums allowed many other departments which serve fewer United States citizens. Labor sees the class discrimination that this Congress has practiced against the Labor Department and against labor, not merely against organized labor, but against all wage earners.

The Senate Labor and Public Welfare Committee report, recommending that House Concurrent Resolution 131 do not pass, has this to say of the opposition to Reorganization Plan No. 1:

In essence * * * the principal opposition to the reorganization plan boils down to an expression of fear that the Department of Labor, through the Secretary of Labor, would be biased and prejudiced in

its actions. It has also been alleged by opponents of the plan that because of alleged bias of the Department of Labor, employers will not use the public employment offices of the Employment Service. There is no basis of fact to support this position. No testimony before the committee reveals a single instance, or any other concrete evidence, to support the fear that prejudice would govern the actions of the Department of Labor in administration of the subject programs.

Mr. President, I think there is a real and justified fear here, not that the Labor Department, administering this two-part program vitally affecting 37,000,000 insured wage earners, would be administered in a biased or unfair manner—but that it would be too unbiased, too fair, too alert, and conscientious in administering title III of the Social Security Act and the Unemployment Insurance Tax Act within the letter and intent of those acts. That, I think, is plain from testimony in the hearings.

So, Mr. President, we get back to the basic issue: Shall we, by accepting your committee's 9 to 4 recommendation and voting against House Concurrent Resolution 131, give the United States Department of Labor this two-part function of job finding and safeguarding the prompt, fair, and accurate payment of unemployment compensation benefits to eligible workers when jobs cannot be found?

Let me assure the Members of this body that labor is thoroughly aware of the fears and prejudices and intents behind House Concurrent Resolution 131 that would reject this Reorganization Plan No. 1.

Labor has noticed the rank and indefensible disparity between the functions and funds assigned to the Department of Labor and to other departments of the Federal Government. In the hearings, representatives of the American Federation of Labor and the Congress of Industrial Organizations took pains to stipulate that they were not objecting to the attitude and treatment accorded the Department of Agriculture, for instance, and to the farmers. But they did spell out the discriminatory treatment against the Department of Labor, both in functions and in funds. The records show that labor bitterly represents the charges of "bias" that are so lightly and so irresponsibly thrown at the Department of Labor. Labor recognizes that discrimination against the Labor Department is purposeful discrimination against the wage earners of this country.

Representatives of both the American Federation of Labor and the Congress of Industrial Organizations remarked in the hearings that the argument for locating this two-part function in a so-called neutral agency and against locating it in the Labor Department—which the opponents alleged without a scintilla of proof to be biased in favor of labor at the expense of employers and the public interest—was strange doctrine for our democracy, a novel ideology which assumes the inevitability of class struggle and class conflict. Such an ideology if applied to our entire governmental structure, including other executive departments, would call for the destruction of the present struc-

ture of our Cabinet form of government and its replacement by some other structure based on these assumptions of class struggle and class conflict.

Let me read labor's challenge to those who would withhold this two-part function from the Labor Department, as that challenge was stated in the course of the Senate hearings:

Located in the Labor Department, the emphasis will be on getting workers back in productive jobs on a 100-percent weekly take-home-pay basis, rather than letting them stagnate in unemployment drawing less than 50 percent—I believe less than 35 percent—of their regular wages in benefits. The result of this would be to protect and conserve the unemployment benefit-trust funds and in promoting the welfare of wage earners by getting them back to work as quickly as possible, the Nation's purchasing power, markets, and welfare would be protected and promoted.

If this assumption that promotion of the welfare of labor is inimical to the welfare of other segments were correct—and we say it is not correct—then not only should the Congress disapprove this plan, but perhaps it should consider the repeal of the act creating the Labor Department and the abolition of that Department, not only to prevent further wastage of public funds but to stop an activity which, if that assumption were correct, would be a threat to the public welfare.

A proposal for outright abolition of the Department of Labor, rather than indirect reduction of its functions until it is not much more significant than a mechanical bird in a cuckoo clock, would get the basic issue involved in this discussion before the American people.

This question of the attitude of Congress toward the Department of Labor, in terms of functions and appropriations, is broader and deeper and more important than the instance before you in the consideration of this resolution. But the decision on this resolution will be an indication, one way or another, of attitude on the broad and fundamental question of whether or not we are to have an agency that is more than a Department of Labor in name only.

That is the basic issue, Mr. President. One might paraphrase Kipling's Tommy Atkins and say, "You bet that labor sees."

Between now and November most of us will be out campaigning, protesting our love and affection for labor, for wage earners, for the honest men of toil. And I dare say that most of us will find words to utter in support of the principle that labor has a right to organize and bargain collectively; that, in the public interest, wage earners have the right to social security, to unemployment compensation and old-age and survivors insurance. We who are Republicans will contend that our party accepts and endorses the whole social-security program that has been established in the past 12 years. Our appeal to the voters, including the 37,000,000 wage earners insured under the Social Security Act, will be that the Republican Party can do everything the Democratic Party has done, and that we pledge ourselves to do it better.

That is a perfectly good campaign platform—provided there is something substantial in our record of performance to support it.

But if we here repudiate the 9-to-4 recommendation of the committee which considered and approved this reorganization plan; and if we thereby refuse to assign to the Labor Department the

responsibility for the job of helping unemployed wage earners to find jobs, employers to find qualified workers, and for the safeguarding through the State programs of prompt and accurate payment of unemployment-compensation benefits when due during the interval of unemployment; and if the Congress then follows up such an antilabor decision by any such cut in Labor Department funds as the House has recommended, you can write it down in the book that the wage earners of this country are going to see, and remember, what has been done to the Labor Department. They will mark down and remember what has been done to their interest, security, and welfare by the butchery of funds and functions which this Congress, in its first and second sessions, has practiced upon the one Department which, under our form of government, is by statute devoted to promoting the welfare of wage earners.

You bet labor will see. Labor will remember. Perhaps labor will vote.

When we face our constituents who, I thank God, are still this year the sovereigns in this free land, I think the less said about this legislative butchery the better.

It might be well for us, facing the citizen voters who are still our masters, to recall the words of Plato:

In the presence of the people, the representatives of the people should stay silent.

If we reject the Labor Committee's recommendation, and thereby refuse to locate this two-part function in the Labor Department; if we again slash Labor Department funds; if we adjourn without acting favorably on bills which will provide some of the needed services to the working men and women of this country, then I offer this practical advice on how to make a speech in the 1948 campaign:

First. Whenever possible, do it by radio from a studio;

Second. Speak at a meeting arranged and attended by representatives of employers who agree with you; or

Third. When you have to talk to a labor audience and there is no way out of it—such as sore throat, grounded planes, or missed train connections—I suggest that you borrow one of those cages they have behind baseball catchers and hockey goalies. Just turn the cage around and speak through it.

Mr. President, I believe that, no matter what happens to the riven organism known as the Democratic Party, we Republicans are going to need a few labor votes this fall in order to win, certainly in some of the State contests. I do not hold with the theory that every labor vote cast for Wallace is a vote for the Republican Party and against the Democratic Party. I cannot view as desirable a 10,000,000 vote for Wallace. That would mean the election to Congress of some of his collaborators. That, in reality, would mean the establishment of a leftist-directed political organization in our national life on a scale that, given a new depression, might have extremely serious consequences in this country and in the world.

Now, addressing my remarks to the practical, functional need for the loca-

tion of this two-part program of our public employment service and unemployment compensation within the Department of Labor, it seems to me that there is an immediate and urgent need, very close not only to the national welfare but affecting the national security.

I am no prophet, no economist. I do not know what is going to happen to our economy between now and November. Whether it is going to be sustained at full employment levels, whether unemployment is going to increase or decrease, but I read that certain lines of goods are now being brought up into balance. I know that certain soft goods have shown a tendency to back up and accumulate in heavy inventories in recent months. Wide publicity has been given price cuts announced by President Charles E. Wilson, of General Electric Corp., for certain General Electric products, such as radios, but not including turbines and other heavy machinery for which there is a big backlog of orders.

The future is uncertain and imponderable.

I can imagine a set of circumstances resulting from the decline of purchasing power, sales, production, and employment that would result in a substantial increase in unemployment next fall. Should this recession develop, wage earners' interest in our action on this reorganization plan will have been tremendously intensified.

Under the present circumstances it is clear that this is no time to take action designed to weaken these two programs. I refer to productive efforts to make good on our commitments to the Marshall plan; or, should that plan fail of implementation, by being too late with too little, to prepare and equip ourselves for a show-down with Russia.

Either way, as a matter of protection to wage earners, of service to employers, of protection to our economy, and of underpinning for our national security, we need the Unemployment Compensation-United States Employment Service operations within the Department of Labor. I sincerely hope that the Senate will this afternoon see its way clear to vote to retain them there.

I close by asking consent to have added to my remarks a statement I have prepared showing what happened to the so-called \$300,000 surplus the Department of Labor had last year, pointing out that it was not a surplus in fact, but really amounted to an inability on the part of the Department of Labor to make use of the \$300,000 saving because of some unfortunate cuts Congress made in the program of the Department.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ESTIMATED 1948 DEPARTMENT OF LABOR APPROPRIATION SURPLUS

TRAVELING EXPENSES, \$300,000

This surplus has come about due primarily to two factors. First, the appropriation structure for the Department for the fiscal year 1948 contained a special appropriation for traveling expenses and in making the adjustments last year at the time we were considering this bill originally in the House and again as a result of the Senate changes, we apparently did not make

the proper adjustment in the traveling expense appropriation. Second, we were informed by representatives of the Department during the course of the hearings that the drastic reduction in the Department's appropriations for the current year caused a considerable slump in its activities for the first 4 months of the fiscal year during which time the personnel and programs were being adjusted to operate within the amounts approved. This accounts for a part of the surplus. I am further advised that the Department has recommended to the Bureau of the Budget that the sum of \$300,000 be placed in reserve.

MISCELLANEOUS EXPENSES, WAGE AND HOUR DIVISION, \$11,000

In the statement submitted as a part of the justification for the Wage and Hour Division there was shown clearly to the committee an estimated savings in this appropriation of \$11,000. This saving was brought about mainly by aggressive action on the part of the Department of Labor staff to obtain free office space in lieu of rented commercial space.

VETERANS' REEMPLOYMENT RIGHTS DIVISION, \$52,000

Last year was the first year an appropriation was made for this activity in the Department of Labor. The appropriation bill was not cleared until the last of July and the Department was unable to recruit staff until the appropriation bill was passed. The appropriation was made for salaries on a full annual basis and there was a lapse due to this lateness in the passage of the bill and this accounts for the surplus here.

UNITED STATES CONCILIATION SERVICE, \$10,000

This Service was transferred out of the Department of Labor during the first quarter of the current fiscal year and funds were appropriated to the Department to defray its expenses for that period which it was in the Department. The \$10,000 represents the unused balance of \$430,001 appropriated to the Department for this purpose.

On the basis of the above, I think it is a mistake to criticize departments that do not find ways and means of using up every penny that has been appropriated. In fact, this is an unusual record in my opinion, and the Department should be complimented rather than penalized in the making of appropriations for this year because of these unused balances. The House cut the appropriations for the Department for the year 1948 more than 40 percent. Obviously this caused drastic changes in organizational structure and methods of doing business throughout the Department, and neither Congress nor the Department was in a position to intelligently determine down to the last dollar the actual amount that would be needed until after these changes had been made. Likewise I think we have to recognize that the passage of an appropriation bill with 1 month of the fiscal year gone and funds contained in such bill for a full fiscal year for a new activity should result in there being unobligated balances at the end of the year.

I want to emphasize that any action by this body indicating in any way that it is to the disadvantage of the departments to have unobligated balances of appropriations at the end of any fiscal year because it may bring about a penalization in the amount approved for the subsequent year is a bad policy for us to follow.

Mr. BALL. Mr. President, the opposition to Reorganization Plan No. 1 centers on two things. The first is the plea that we should wait for the Hoover Commission to report. The second is that the two agencies, the employment service and the unemployment compensation function, belong more logically in the Se-

curity Agency than in the Department of Labor.

Historically the Congress in 1933—and it is the only time the Congress ever acted on the question—placed the United States Employment Service in the Department of Labor, recognizing that its function was to secure jobs for wage earners, and that no function more logically belonged in the Department of Labor. When the Social Security Act was passed in 1936 the Bureau of Unemployment Compensation, or Bureau of Employment Security, was placed under the old Federal Security Board. Subsequently by Executive order the President transferred the employment service to the Federal Security Board, until January 1942 when the whole employment service was nationalized and made an arm of the War Manpower Commission.

Congress provided for its return to the States in November 1946 and since that time, in fact since the end of the war, in 1945, the employment service, has, by Executive order, been in the Department of Labor. That Executive order was issued under certain war powers, which do not expire until 6 months after the official termination of the war, and the proponents say that unless the reorganization plan is adopted the employment service will remain in the Department of Labor at least two more years, the Unemployment Compensation Division will remain in the Federal Security Agency, and the two will be separated.

Mr. President, on the one point that these two agencies should be in the same Federal department there is no disagreement. On page 113 of the hearings Senators will find a statement of the results of a poll of all the State administrators of these programs to which the Senator from Missouri [Mr. DONNELL] referred. One of the questions asked was:

Do you favor unemployment compensation and employment service being in the same department at Federal level?

To this question 46 States voted "yes" and no State voted "no." I think the States were also unanimous in feeling they should have a single budget for the two services.

They were divided as to where the two agencies should be combined. As the Senator from Missouri said, 24 States wanted their organization to oppose this reorganization plan, feeling that these two agencies should be in the Federal Security Agency. Ten States were in favor of supporting the plan, feeling that the two agencies belong logically in the Department of Labor, and 10 States said their associations should remain neutral on the question.

So I do not think there is any serious argument over the fact that these two services should be in the same department at the Federal level. The question is whether they should be in the Federal Security Agency, a so-called neutral agency, or in the Department of Labor, which by statute is directed to advance the welfare of the wage earners of the United States, and is to that degree partisan.

Now as to the amount of the Federal expenditures that may be saved by this reorganization, I ask unanimous consent to have printed in the RECORD at this

point an analysis of the possible savings, submitted by the Bureau of the Budget.

The PRESIDING OFFICER (Mr. BALDWIN in the chair). Without objection, it is so ordered.

The analysis is as follows:

BUREAU OF THE BUDGET SUBMITTAL TO SENATE
SUBCOMMITTEE, MARCH 2, 1948

In any statement of comparative expenditures by the United States Employment Service and the Bureau of Employment Security, consideration must be given to the fact that certain functions are performed at different levels of operation by the two agencies.

For instance, the Federal Security Agency has personnel consultants in all its regional offices and the USES in only four. The USES stations its auditors in Washington and the Federal Security Agency at the regional and State level.

After consultation with both agencies, at which time there was discussion of the general plans under which each would operate, the following estimates of potential savings under consolidation have been determined by level of operation. These estimates contemplate no lessening of the service now rendered the States:

I. Under Reorganization Plan No. 1 of 1948—Consolidation in the Department of Labor.

(a) At the departmental level, \$70,000.

This would result from the integration of all activities relating to budgets and the granting of funds, and of certain administrative and staff functions which have a common purpose, such as field operation, research and statistics, and administrative services. Some change in method of operation is also contemplated. This estimate is a net figure and funds have been provided to staff the immediate office of the Commissioner of Employment as contemplated by the plan.

(b) At the field level, \$180,000.

These savings can be achieved through joint use of existing field staffs of the two bureaus. Since the Department of Labor has no predetermined regional structure, some adjustments of regional patterns will be possible. The entire staff will be composed of working technicians with no supervisory structure above them.

II. Consolidation in the Federal Security Agency.

(a) At the departmental level, \$91,000.

This saving would result from integration of the State budgetary and grants process and the consolidation of certain common services. An additional saving in personnel consultants will be possible because the Federal Security Agency already has complete regional coverage in this area.

(b) At the field level, \$155,000.

This saving would result from the joint use of existing field staff, including auditors; the absorption of certain space and other overhead costs at the regional level.

Although the two estimates are arrived at by a separate set of calculations arising from the differing methods of operation in the two agencies, it is apparent that the resulting economies under either arrangement are not in total far apart.

In addition to the above amounts, it is estimated that savings of \$500,000 can be made in the grants appropriations by reason of State operation of the two programs under a single set of fiscal, budgetary, and personnel standards.

Mr. BALL. Mr. President, that analysis shows that under Reorganization Plan No. 1 it is estimated that at the departmental level \$70,000 will be saved and on the field level \$180,000, or a total of \$250,000. If the consolidation were made in the Federal Security Agency, the

savings would be \$91,000 at the departmental level and \$155,000 at the field level, or a total of \$246,000.

Under consolidation in either agency the Bureau of the Budget estimates that about \$500,000 a year would be saved in the administration of these programs at the State level. So that the total savings in either case would be approximately \$750,000, or, for 2 years, \$1,500,000. I think we all recognize that if the reorganization plan is not approved the two agencies will remain in separate departments for at least 2 years. So we are talking about an immediate saving of \$1,500,000.

I agree with the Senator from Missouri that there is not any appreciable difference in the savings in the Department of Labor over the Federal Security Agency; the saving would be approximately the same in either place; but it would come 2 years earlier if the reorganization plan is approved and if House Concurrent Resolution 131 is disapproved by the Senate.

One of the arguments, Mr. President, advanced against approving this reorganization plan and disapproving the concurrent resolution is that Congress should wait for the so-called Hoover Commission studying the whole question of reorganization of the executive branch to have a chance to complete its study and make a report. I submit that that is merely an easy way of dodging the issue which is clearly before the Senate at this time. As a matter of fact, in the report of the House Committee on Expenditures, which recommended the resolution creating the Hoover Commission, there is this language:

The committee wishes to point out that the establishment of the Commission provided for in this bill will in no way supersede or interfere with the functions and work of any congressional committee, or with the rights and prerogatives of the President to reorganize the executive department under the provisions of the Reorganization Act. * * * various congressional committees will be entirely free to continue their usual work of investigation and study of the activities and functions of the various divisions of Government coming under their jurisdiction; and the President may order departmental reorganization just as he has done in the past.

Mr. President, the issue of whether these two functions should be combined in the Federal Security Agency or in the Department of Labor is not a new one. It was before Congress a year ago, and it has been before Congress in various bills for several years. I think Congress is thoroughly familiar with all the arguments on both sides of the question, and to dodge a decision at this time simply on the basis that we should wait for another Commission to go over the same ground that our various committees already have gone over two or three times at least, and report, seems to me simply to be dodging the issue before us.

Now, as to the question—and it is really the fundamental question and issue here—as to whether these functions, those of the United States Employment Service and the Bureau of Employment Security, which is in charge of and supervises the paying out of unemployment compensation to workers who are unemployed and cannot find jobs, should be

combined in the Federal Security Agency or the Department of Labor. The argument is made that they should be in the Federal Security Agency because it handles old-age and survivors' insurance, old-age assistance, aid to the blind, aid to dependent children, and other grants-in-aid from the Federal Government to the States. But, Mr. President, everyone of those programs in the Federal Security Agency, outside of this particular one, deals with individuals who have, for one reason or another, such as disability or old age, left the labor force. They are no longer looking for jobs or able to work, whereas unemployment compensation is an entirely different picture. That is a temporary benefit payment simply to tide the worker over until he finds a job, and the primary purpose of both programs is to find the unemployed worker a job.

The theory of those who advocate placing both of these services in the Federal Security Agency is that all the emphasis should be on the insurance feature, on paying out unemployment-compensation benefits. I submit, Mr. President, that that is entirely a wrong view of the two programs. The emphasis is on keeping people employed, and when they become unemployed on finding jobs for them.

Mr. SALTONSTALL. Mr. President, will the Senator yield at that point?

Mr. BALL. I yield.

Mr. SALTONSTALL. In Massachusetts, as I understand, of those who come in to obtain unemployment compensation, approximately only 10 percent get employment through the agency. Between 70 and 80 percent of them come in for unemployment compensation. Is it not better, where such a high percentage are coming in for payments, to keep those payments in the same place with other types of payments, such as those for social security? They may not have a direct bearing on unemployment, but they have a social-security tinge. Is it not better to keep both in the same place?

Mr. BALL. No. I think the Senator's figures are correct. Only about 10 or 20 percent of the placements in jobs in this country are made through the State employment services, which are in turn supervised by the United States Employment Service. That is the best argument I know of for not accepting the theory of those who would put the primary emphasis in this program on paying out insurance benefits rather than on getting jobs. I believe that we need to build up the Employment Service and build up the confidence of employers in it. Clearly under our many labor-relations contracts providing for seniority, lay-offs, and rehiring, a great many placements inevitably will be made outside any public employment service, because the employer is obligated by his contract first to rehire those of his former employees who have been laid off. But it is my conception of the two programs—unemployment compensation and the Employment Service—that the primary purpose is first to stabilize employment. That is why I am for merit

rating. The first purpose is to keep employment as stable as possible the year round.

The second purpose is, when employees become unemployed through no fault of their own, to give them insurance benefits temporarily to tide them over until they can obtain remunerative jobs, working full time and producing. I submit that the emphasis in the program should be on the Employment Service, in stabilizing employment, and finding jobs as quickly as possible for those who are unemployed.

The argument is raised that since in the organic act creating the Department of Labor it is directed to advance the welfare and interests of the wage earners of the United States, it is not the proper agency to administer these two programs, because employers have a cash interest in the unemployment compensation fund. Mr. President, I was not in the Senate when the Social Security Act was passed, but as I understand that act, it was not passed primarily for the benefit of employers, to keep their contributions low. It was not passed even primarily for the benefit of the whole public. It was passed primarily to stabilize employment, to provide temporary unemployment compensation benefits to employees, and to advance the welfare of the wage earners of the United States. That is the whole purpose both of unemployment compensation and of the Employment Service.

Certainly if there is any function of the Federal Government which belongs logically in the Department of Labor, created to advance and protect the interests and welfare of wage earners, it is these two programs, designed first, to stabilize employment, and second, when an employee is unemployed, to pay him some weekly benefits to tide him over and finally to get him a full-time paying job. If that whole program does not have as its primary purpose the advancement of the welfare of the wage earners of the United States, then I completely misunderstand it.

So I submit that the argument that it is primarily an insurance program simply has no merit on the basis of the facts. We do not want to pay unemployment compensation to employees any longer than we absolutely have to, until we can get them full-time productive paying jobs in industry. That is where the emphasis should be.

I grant that the employers of the country are very fearful of the Department of Labor. I hold no particular brief for the leadership of that Department, and what seems to me to be its tendency to think that only two individuals, one named Phil Murray and the other named Bill Green, are qualified to decide what is good for the welfare of the wage earners of the country.

I do not believe that the Department is any too well balanced at this time; but I do not think we should turn down this plan on the basis of a temporary situation which prevails in the Department of Labor. If we take the position that these functions do not belong in the De-

partment of Labor, in view of their primary purpose, it seems to me that we should go the whole hog and abolish the Department of Labor. I do not know why we have such a Department in the executive branch of the Government if it is not to administer this type of program.

As I stated, I grant that the employers of the country have been stirred up. I suspect that there has been quite a campaign of stirring them up, judging by the stack of telegrams which I have received on the question. They are afraid that if these two functions are administered in the Department of Labor, somehow that Department will find a way; first, to destroy the merit-rating provision of the act under which, if an employer has a stable employment record, his compensation rate decreases. I do not know why they are any more afraid of the Department of Labor in that regard than they are of the Security Agency.

I happened to be a newspaperman covering the State legislature when the Social Security Act was passed by Congress. I can remember when the Federal Security Board came into the State and lobbied in the State legislature against any kind of merit rating. Every year, in its report, the Federal Security Agency has opposed merit rating. But Congress wrote the authorization for merit rating into the Federal law, and the State legislatures have written it into the State laws. No interpretations by the Department of Labor can change that basic law. I think the record amply demonstrates that Federal officials are not capable of mobilizing sufficient pressure. If they could not do it back in 1936, they certainly cannot today mobilize sufficient pressure or lobbying strength in any State legislature to repeal the merit-rating provisions which are in the State law.

The other fear is that through its power to issue regulations and fix standards under the Federal law—and not exceeding its authority under that law—the Department of Labor will somehow change the referral standards on the basis of which employees are referred to job vacancies, and will somehow force a change in the definition of "suitable employment," which is contained in a great many State laws which have merit rating; in other words, for example, that the Department of Labor will insist that a carpenter who is unemployed must draw benefits for his full benefit period because a job cannot be found for him as a carpenter, even though after a few weeks the Employment Service says, "That is hopeless, but we do have a job opening at a somewhat lower rate, as a laborer or carpenter's helper." That is a real fear on the part of many employers; but I submit again that the record is clear that the State legislatures have complete authority, within the standards set in the Federal law, and not by the Department of Labor, to define what is suitable employment, what is a suitable job opening which, if turned down by an unemployed person, thereafter will deprive him of the right to

draw benefits. I submit that the authority of the State legislature and the supremacy of the State law on that subject have been established in many, many decisions of the State appeal boards and of the State courts, and there is not the slightest possibility that the Department of Labor, even if it wished to do so, would be able to change that situation.

Mr. President, I grant that the fear on the part of employers is real. But I do not see and I cannot see, on the face of the record, where it is justified.

Finally, I submit that as to these two programs of unemployment compensation and employment service—finding jobs for those who are unemployed—if there are two programs which were devised primarily to serve the welfare and the interests of the wage earners of the United States, those are the two. The Department of Labor was created to serve the welfare of the wage earners of the United States. If these two functions do not belong there, then I respectfully ask, What does belong in the Department of Labor?

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. DONNELL. Mr. President, I yield to the Senator from New York.

Mr. IVES. Mr. President, I have listened with a great deal of interest to the splendid exposition and analysis presented in the last hour and a half by those debating the proposed plan. I do not rise at this time for the purpose of reviewing its historical background or analyzing its present form. Those matters have been covered very effectively by the distinguished Senator from Missouri [Mr. DONNELL] and also by the distinguished Senator from Minnesota [Mr. BALL].

What I wish to point out are the number of matters on which there seems to be common agreement, and also a number of others on which apparently there is an honest difference of opinion.

There seems to be no question whatever regarding the advisability of having these two particular functions in one department or one agency of the Government for obviously they have a very close relationship.

There also seems to be very little difference insofar as the cost is concerned. Assuming that these two functions are to be combined, presumably the cost would be about as much whether lodged in the Department of Labor or the Federal Security Agency.

Then we come to another area, one in which there is a ground for difference. I think the word which best describes it is the word "fear." There seems to be expressed here, on the part of those who have participated in the debate thus far, a basic fear, one way or the other, in connection with the effect of this proposed plan.

Those who are in opposition to it—and I am not referring to those who have debated in opposition to the plan, because only the distinguished Senator from Missouri [Mr. DONNELL] has done so—but among those groups which are opposed to it, there seems to be a fear that it is going to hurt business. That, by interpretation, if these functions are placed together in the Department of

Labor, merit or experience rating plans in the various States of the United States will be harmfully affected. Mr. President, I am opposed to this plan, and I am in favor of this resolution; but I doubt the occasion for that fear.

At the same time, I would point out that the law itself, as I recall, has approximately four lines on the question of merit or experience rating, leaving the matter of interpretation largely to rule and regulation, and determination of policy itself, by the administration itself. At the present time, as we know, this determination of policy lies in the Federal Security Agency and as has been pointed out there are 61 pages of regulations now in effect. I have had a little experience with this body of regulations. It so happens, if perhaps the Senate will pardon a personal reference, that I had more to do than any other one person with the establishment of merit or experience rating in the State of New York, and I know the problems we encountered. I know how we had to have our plan conform to the Federal pattern, as laid down—most of all—by rule and regulation. So when anyone here says that rule and regulation have nothing to do with it, I can testify to the contrary.

However, even that being so, I have just as much confidence in the Department of Labor in this connection as I have in the Federal Security Agency. I do not know why there should be a greater prejudice in one place than in the other.

Then there is another element of fear which seems to have entered into this debate, namely, the fear that unless this plan is adopted as proposed, the Department of Labor itself will be very seriously impaired and perhaps will go out of existence because of lack of function. Mr. President, I do not share in that fear. So long as I have anything to do with this body or am in any way connected with legislation in the Federal Government, I expect to advocate as strongly as I can, personally, an independent Department of Labor. There is great need for such a Department. The very fact that there is this proposed delay, if it be no more than that, as a result of the resolution now before us, in turning over these combined functions to that one Department, in no way would indicate that the Department itself is condemned, nor should it be thought of in that connection.

I say to those who entertain such a fear that I share the criticism which has been raised in connection with adequate appropriations for several of the functions of that Department, and I also feel that it has not received sufficient appropriations in some instances for those functions; but at the same time I do not join them in their fear as to the future of the Department of Labor. This is not final action. Final action presumably will come, if this resolution is adopted by the Senate, when the report of the Hoover Commission is made and when action on that report is taken.

Mr. President, I feel very strongly that when the Congress of the United States passes legislation which establishes a commission to study the organization of

our Federal Government, with the idea of having it make recommendations upon which the Congress, in turn, should act in the matter of reorganization or making such changes as may be found necessary, it ill behooves us, even though the report cited by the distinguished Senator from Minnesota [Mr. BALL] indicates that it is perfectly permissible to do so, to now, or at any other time while this Commission is in operation, establish, as we would be establishing here, something of a permanent nature which in reality is brand new.

So I say, Mr. President, that it seems to me we should delay action in this case until we have this report. This does not necessarily mean a 2-year delay. As has been pointed out, the report will be here early in the next session, before the middle of January. If there is demand that there be this merger at once, action can be taken if warranted. Insofar as I am aware, no one is suffering at the present time because of the present policy which is in vogue where these two functions of government are concerned. A few more months of delay will cause no damage at any spot with which I am acquainted.

It all leads up to one conclusion, namely, that if we do take this action in this instance—that is to say, if we fail to approve this resolution, and if we allow this plan to become effective—if, later on, the Hoover Commission reports and recommends otherwise, and we find that in our judgment the Hoover Commission is correct, so that then we have to go to work to upset the whole proceeding, then it seems to me that in this instance we shall have taken a most unwise course.

It seems to me that under the circumstances, and in the face of all the conditions cited by both the Senator from Missouri and myself, action on the matter should be delayed, and we should approve the House resolution.

Mr. DONNELL. Mr. President, the Senator from Ohio [Mr. TAFT] was expected to speak at this moment. I ask the Chair's indulgence, in order that I may ascertain if the Senator is in the cloakroom.

Mr. TAFT entered the Senate Chamber.

Mr. DONNELL. Mr. President, I yield to the Senator from Ohio. I may say in yielding that we are very happy that both he and the Senator from Maine [Mr. BREWSTER] escaped injury in the accident which befell them within the past few hours. I am glad to see the Senator here.

Mr. TAFT. Mr. President, the essential change made by the proposed reorganization plan is the transfer of the Bureau of Employment Security to the Department of Labor. The Bureau of Employment Security throughout its entire life has been in the Federal Security Agency. It was one of the major bureaus of that Agency. It was a part of the social-security set-up in the beginning. It is now proposed to transfer it from the Federal Security Agency to the Department of Labor. There is on the calendar a bill to create a Federal Department of Health, Welfare, and Education, which in effect will take over most of the functions of the Federal Security Agency. I

think that undoubtedly that Agency sooner or later should become a Federal department. It seems to me the functions of the Bureau of Unemployment Compensation fall properly within the functions of that particular Agency.

It is claimed that the proposed move should be made because the Employment Service is in the Labor Department today. There has been a great deal of question as to where the Employment Service should be. It was originally in the Labor Department. In 1939, the President, through a reorganization plan similar to the one now proposed, transferred it to the Federal Security Agency. He is now endeavoring to reverse the procedure followed by him at that time. Subsequently, it wandered off to the War Manpower Commission, and from the War Manpower Commission, by Executive order issued under the War Powers Act, it went back to the Department of Labor.

I quite agree it would be desirable probably that both services be in one department. I rather think it is more appropriate that they be in the Federal Security Agency than in the Department of Labor. There has always been the difficulty that the Department of Labor, in a way, was set up, as an advocate and representative of labor, and whenever it comes to functioning in a matter in which not only the interests of labor are involved but also the interests of the employer or the employing agency, the question arises whether the function is being assigned to a prejudiced tribunal.

I do not know what should be done about the Labor Department. I am hopeful that the general reorganization proposals of the Lodge-Brown Commission, of which former President Hoover is chairman, will deal with the question and will try to have the Labor Department deal with all labor relations of whatever kind, functioning equally and impartially between the representatives of labor and the representatives of the employer and of the public. I think perhaps that could be done. Until it is done, I think we are not going to solve the problem of the prejudice that exists against the Department of Labor on the part of those who feel that it represents solely the interests of labor. There were times during the war when it was alleged that control of the Employment Service by the Department of Labor or by the War Manpower Commission was actively used to promote the interests of particular unions, and that union men were given preference in sending them to employers for jobs. In certain cases charges were made that particular unions were favored over other unions. I do not know how true those charges may have been, but they were widely believed and they have helped to create prejudice against giving to the Department of Labor complete control over the employment service and the Bureau of Unemployment Compensation, and against giving them the power to try to direct the flow of labor as they may think it desirable, solely in the interests of unions as opposed to employers.

I think that in a reorganized Labor Department there would be a very strong argument for putting both services into

one department, but my own conclusion is that until we have a more comprehensive study of the whole Federal Government, and until we have a comprehensive reorganization plan, we ought to leave things as they are.

The report of the Hoover Commission I understand is proceeding, and is expected to be made by the first of next January, when it will be before the Congress. It will be one of the most important functions of Congress to decide the general character of the Labor Department, together with all other departments with which we may deal, and to determine the exact status and nature of the Federal Security Administration. Until that is done, I do not think we should take the Bureau of Unemployment Compensation from the place it has been for, I think, 15 years and transfer it to the Department of Labor, with the very great possibility that within 6 months it may be grabbed away from the Department of Labor again and set up in some other division or in some new department of security or in some rearranged Department of Labor. It seems to me that would be a very futile thing.

When we are approaching a general reorganization, unless we can be certain that this proposal follows the line which the reorganization is likely to take, it seems to me we had better wait for that reorganization to be submitted to Congress. I am very optimistic, more so than I have ever been heretofore, that when the reorganization plan is submitted we can adopt that plan, and that it may effect great economies.

So far as I can see, the economies to be effected by the proposed plan are of rather minor character. There is an advantage in having the Department of Labor and the Unemployment Compensation Bureau in one place, although they have been in different places; and we have managed to get along without any serious inconvenience. I do not quite see why we should not leave them where they are and await the development of the reorganization plan which is coming to Congress.

So, Mr. President, I have signed the minority views, in which the Senator from Indiana [Mr. JENNER] and the Senator from New York [Mr. IVES] have joined and to which, I think, the Senator from Missouri [Mr. DONNELL] agrees.

I have no particular prejudice against the Labor Department, but until that Department can be reorganized and set up on a sound basis, until we know the general character of the reorganization and the ultimate status of the Federal Security Administration, I am very much opposed to taking the Bureau of Unemployment Compensation from the place it has been, and shifting it to the Labor Department with the possibility that within 6 months we shall take it away from the Labor Department and put it somewhere else.

The reorganization scheme, together with the exercise of the war powers, has worked out too much in the way of shifting departments here and there until no one knows where he is and no one is certain of his status or that he will remain there for more than a few months or a

few years. I believe we had better agree on a policy of stability until we do a "bang-up" job of complete reorganization. I am very much opposed to the plan and am in favor of agreeing to the resolution which has been passed by the House and which is now before the Senate.

Mr. DONNELL. Mr. President, may I inquire how much time remains for those who favor the resolution?

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. DONNELL. I yield.

Mr. WHERRY. Mr. President, many Senators have discussed this proposed legislation with me, and apparently some Senator should explain the mechanics of the voting. One Senator recently stated that he would like very much to vote for the resolution. He wanted to retain the Department of Labor as it is now. This is an occasion when a vote for the resolution is a vote against the plan, and a vote against the resolution is a vote in favor of the plan. So I hope, Mr. President, it will be explained in the time of some Senator so that it will be thoroughly understood.

Mr. IVES. Mr. President, will the Senator yield?

Mr. DONNELL. I yield.

Mr. IVES. I do not think the Senator from Nebraska was in the Chamber when the matter was brought to the attention of the occupant of the chair. It has been requested that the Presiding Officer, whoever he may be at the time of the vote, will explain the significance of the vote.

Mr. DONNELL. Mr. President, I inquire how much time remains for the proponents of the resolution?

The PRESIDING OFFICER. Thirty-eight minutes.

Mr. DONNELL. I yield to the Senator from Minnesota [Mr. BALL].

Mr. BALL. Mr. President, if it be agreeable to the Senator from Missouri, I yield 5 minutes of my time to the Senator from Vermont [Mr. AIKEN].

Mr. AIKEN. Mr. President, I do not think much can be added to the arguments which have been made both for and against the resolution which is now before the Senate. However, I wish to emphasize two or three points.

It has been stated by the speakers in opposition that we should not take any action on this subject relating to any reorganization of our departments at this time because the Committee for the Reorganization of Government is engaged in making a study and will report next year, and therefore we should wait until that report is before us before undertaking to reorganize any branch of the Government whatsoever.

In that respect I will say that the Commission on the Reorganization of Government, known as the Hoover Commission, does not expect this Congress to withhold any action looking to the reorganization of any branch of government until it shall make its report. I know that to be a fact, because I am a member of the Hoover Commission. I attended the meeting of the Commission at which the subject was brought up. In fact, I brought it up, myself, and it is

thoroughly understood by Mr. Hoover and by every member of the Commission that the Congress is not expected to delay action on reorganizing any part of the executive branch of the Government while awaiting the report of the Commission.

As to the subject immediately before us, that of the President's proposal to transfer the unemployment compensation part of the Social Security Administration to the Department of Labor, I think this security agency has done as good work where it has been under an independent agency as it would have done anywhere, and I think the Employment Service has done as good work in the Department of Labor as it would have done anywhere.

What disturbs me, Mr. President, is the effort which is so patently being made to strip the Department of Labor of all its important functions. As has been said by some of the Senators, this is undoubtedly due to fear. I regret the conflict which has existed between employers and organizations of employees during recent years. Evidently employees fear that their employers are trying to take from them the privileges which they may have gained during the past 20 years, and the employers evidently fear that if they do not place sufficient curbs upon their employees the time may come when the employees will take over the business itself. I think both these fears are quite groundless.

If this resolution is adopted the effect will be to remove the Employment Service from the Department of Labor.

I am disturbed by efforts which have been made to take the Employment Service from the Department of Labor, because that would leave that Department very little but an empty shell which would not even warrant continuing it in existence. The Department of Labor is an agency through which 30,000,000 or 40,000,000 working people of the country have a voice in the President's Cabinet. I believe our human resources should be represented in the President's Cabinet. For that reason I should dislike to see the Employment Service taken from the Department of Labor.

There has been very little demand to take the Employment Service away from the Department of Labor, so far as my State is concerned. Of some 250 fairly important industrialists I believe I have received communications from approximately 6. So far as commercial interests are concerned, I have had communications from approximately a dozen automobile dealers and from possibly a few others. This represents only a small percentage of the total, showing that they are not so profoundly disturbed over the situation as are the leaders of the organizations which have asked them to write to the Members of the Senate and protest against the adoption of the President's plan.

The Federal Security Agency and the Employment Service are closely allied in their work; in fact, in the State of Vermont they are under the same roof with only a door between them.

The PRESIDING OFFICER (Mr. ECTON in the chair). The time of the Senator has expired.

Mr. BALL. Mr. President, I yield to the Senator from Vermont such additional time as he may require.

Mr. AIKEN. Both agencies could probably have performed their work during recent years at less expense, and undoubtedly they have employed more help than they needed to do the work which they have had to do. But that is not peculiar to those two agencies of the Government.

If there has been to any extent poor administration of their functions, the remedy does not lie in abolishing the functions or the work of the agencies, but in changing the administration. It is evident that the Republican Party had that in mind when it inserted in its platform of 1944 a plank which reads as follows:

The Department of Labor has been emasculated by the New Deal. Labor bureaus, agencies, and committees are scattered far and wide in Washington and throughout the country and have no semblance of systematic or responsible organization. All governmental labor activities must be placed under the direct authority and responsibility of the Secretary of Labor.

That is the labor plank from the Republican platform of 1944.

It seems to me, Mr. President, that we would not be improving things by taking the Employment Service away from the Department of Labor because of some fear to leave it there, thereby making that Department only a hollow shell. It might as well be abandoned completely as to continue it under the pretense of having the working people of the country represented in the President's Cabinet.

Mr. BALL. Mr. President, I yield to the Senator from Louisiana [Mr. ELLENDER].

Mr. ELLENDER. Mr. President, I do not intend to make an extended speech on the resolution before the Senate. The issues are not complicated and, I believe, are well understood by all Senators. When plan No. 2 was before us during the first session of the Eightieth Congress I voted to place the United States Employment Service in the Department of Labor. The United States Employment Service simply makes allocations of funds to the various State governments for the administration of State employment services, pursuant to a plan previously approved by each State government. It also serves as a coordinating body and clearing house, and provides research and statistical services for the State employment service system; functions which it would be impracticable to duplicate in each State. It is not an operating agency in the States, such as providing job-placement functions of the respective State employment services. The conduct of relations with both workers and employers is the function of the State employment services, operating at State level in accordance with State laws. Therefore, I believe that it should be under the juris-

diction of the Labor Department. Both the proponents and opponents of the plan generally agree that the United States Employment Service is a proper responsibility of the Department of Labor. The plan, covered by the pending concurrent resolution, seeks to place both the Bureau of Employment Security and the United States Employment Service under the Department of Labor. I share the same views entertained by me when plan No. 2 was considered, as I have just outlined, and that is, that the United States Employment Service concerned with job-finding functions is a proper responsibility of the Department of Labor.

State unemployment compensation systems were established under provisions of the Federal Security Act and the Unemployment Tax Act of 1935. These systems are State-operated. The respective State unemployment compensation laws govern the coverage, conditions of eligibility for benefits, the amount and duration of benefits, and the contribution rates levied upon pay rolls. All State laws, as a prerequisite to the filing of a claim for unemployment benefits, require that unemployed workers register at local employment offices as evidence of their availability for work and that they are willing and able to work. The State laws control the determination of what constitutes "suitable work," the interpretation of which is the responsibility of State unemployment compensation officials, and is conditioned by precedents established by appeals authorities in each State and decisions of the State courts.

In the States both the unemployment compensation and the employment service programs are administered within a single agency. There is very close coordination of the two programs, in some instances even to the extent of integration of the duties of personnel assigned to these functions.

The Bureau of Employment Security in the Federal Security Agency administers the Federal responsibilities relating to the unemployment compensation system. The Bureau, like the United States Employment Service, is a supervisory rather than an operating agency which allocates funds to the States for administration of the State unemployment compensation laws. As in the States, it has been found on the Federal level that the unemployment compensation functions are intimately related to those of the United States Employment Service. Since most of the States operate both of these programs in a single agency, to wit: The labor department of the respective States, I can see no valid reasons to place these functions in the Social Security Agency of the Federal Government. Most of those functions have to do with the welfare of the laboring man at the State level.

Mr. President, I have here a letter which was sent to me sometime ago, dated February 17, 1948, from Mr. H. B. Turcan, administrator of the Louisiana Division of Employment Security. The letter speaks for itself, and gives very

good reasons why the concurrent resolution before the Senate should be voted down. I submit the letter for the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF LOUISIANA,

DEPARTMENT OF LABOR,

DIVISION OF EMPLOYMENT SECURITY,

Baton Rouge, February 17, 1948.

HON. ALLEN J. ELLENDER,

United States Senate,

Washington, D. C.

DEAR SENATOR ELLENDER: You will recall that when the President's Reorganization Plan No. 2, 1947, placing the United States Employment Service permanently in the Department of Labor, was under consideration last June, I wrote to you urging that you support that plan. The fact that you interested yourself in the merits of this plan and strongly supported it as being in the best interests of the workers and employers of Louisiana and of the whole Nation is well remembered by all of us. Had there been just a few others who acted as effectively as you did in this matter last year, we would now be much further along toward a stable employment security system today.

Unfortunately, however, plan No. 2, 1947, was rejected by one vote in the Senate, and as a result Congress is having to divert its attention from other matters of great importance to consider the President's Reorganization Plan No. 1, 1948, which seeks to place the Bureau of Employment Security and the United States Employment Service in the United States Department of Labor. You will recall that last year I advocated that both these agencies be transferred to the Labor Department, even though the President's plan No. 2, 1947, provided only for the transfer of the Employment Service. Consequently, I regard plan No. 1, 1948, as even more deserving of active support than the plan of last year.

You remember last year all sorts of strange arguments were presented before your committee opposing plan No. 2, 1947. Most of these arguments were plainly unrealistic and motivated by factors other than the best interests of workers and employers. The only really legitimate argument advanced against plan No. 2, 1947, was that both the Bureau of Employment Security and the United States Employment Service should be placed together in one Federal Department so that the State Employment Security Agencies could have the advantage of dealing with one Federal agency rather than two. This argument has been met by plan No. 1, 1948, which proposes to place both Federal agencies together in the Department of Labor.

True to form, however, the people who last year were more interested in grinding their own axes than they were in the efficiency of the employment-security program have thought up some other arguments which do not make sense to many of us who have the responsibility of serving employers and workers. Their three principal arguments are quoted below:

1. "They contend that the United States Department of Labor is controlled and directed by organized labor."

I have had 10 years of first-hand experience in dealing with the United States Department of Labor, and regard the above argument as patently ridiculous. It is in the same category as a statement to the effect that the United States Department of Justice is controlled and directed by the American Bar Association.

The Department of Labor, in carrying out its responsibilities under the law, employs several outstanding individuals from organized labor. The Department of Justice employs numerous eminent lawyers affiliated with their professional associations. Every

department of the Federal and State Governments employs specialists in their particular functions. This has not created a situation in which each department is only a thinly disguised front for special interests. They are actually instruments of Government created and governed by the laws of the land.

I do not know of a single instance in my dealings with the United States Department of Labor during the past 10 years in which the decisions or actions of that Department have been dominated by organized labor, or prejudicial to the interests of employers. It is doubtful that anyone appearing before your committee can cite specific instances of such domination or prejudice. The rules and regulations of the Secretary of Labor under which the States operate their employment services were made and issued only after a series of conferences and negotiations with State officials. I do not know of a single State official who feels that the Secretary's rules and regulations are not equitable and fair. Furthermore, neither management groups nor organized labor have objected to these rules. It is also a matter of fact that not one single State official since November 16, which is the time the employment service was returned to State operation, has experienced any difficulty with the United States Employment Service or the Department of Labor which can be attributed to organized labor domination.

My position in this matter is neither pro-labor nor anti-labor. My position is simply that of a State employment security administrator who would like to see an intelligent solution to this problem of Federal organization so that we can devote full time and energy to rendering both employers and workers the full measure of service to which they are entitled. I believe that the President's plan No. 1 of 1948 provides such a solution.

2. "They contend that the employment-service and unemployment-insurance programs are much more closely related to the functions of the Federal Security Agency than they are to the functions of the United States Department of Labor."

As you well know, this question was settled a long time ago in Louisiana and in many other States by placing these two functions in the State Department of Labor. We attribute the success of our agency here very largely to the fact that our functions have not been confused with welfare activities, but have been identified for years with the dignified and responsible relationships between employers and workers in a free enterprise economy.

My point of view, which is shared by all thinking officials of government, industry, and labor, is that any attempt to dispense biased justice or service as between employers and workers would do the cause of workers irreparable damage. The best interests of labor have always been, and are today, best served by the square deal, the even-handed administration of the law, in order that there not be set in motion power politics within the Government itself for perverting the law to the service of any special group. Wherever in any country unequal consideration has become a policy of government, labor has always been first to suffer. Whenever the rights of labor have been abridged, the rights of employers likewise has soon disappeared.

These things are mentioned simply to emphasize the point that in Louisiana and in many other States, the employment-service and unemployment-insurance programs are administered in the Department of Labor; that this administration has met with the approval and support of employers, workers, and the public; that the President's Committee on Administrative Organization in 1937 endorsed this type of administration; and last, there is a basic philosophy of administration of labor affairs which has served

always to guide administrators in labor matters toward equal and unbiased justice as the best guaranty of the rights of employees.

To place the employment-service and unemployment-insurance programs in the Federal Security Agency with public relief, cancer control, and public hospitals is to imply that the employment process is a pathology, the labor market a group of people requiring special Government protection, and the Department of Labor an organ of the Federal Government corrupted by special interests with the official approval of the Congress and of the executive department itself.

With these implications I cannot agree.

3. "They contend that the action should be deferred until the Hoover Commission reports to the Eighty-first Congress."

This is plainly an administrative filibuster which keeps the Nation's whole employment-security program in a state of confusion for another year or two.

The Hoover Commission now studying the organization of the executive branch of the Government is undertaking essentially the same task of the 1937 Commission—which recommended that all programs of benefits to workers based on right be placed in the Labor Department. The Hoover Commission is composed of men of ability and integrity, and there is little doubt that they will confirm the findings of the able Commission which preceded them in this task.

Senator, a summary of my position can be quickly stated. As a citizen I have confidence in the integrity of the President in submitting plan No. 1, 1948, to Congress; from experience I know that the United States Department of Labor has the ability and will deal justly, fairly, and efficiently with both employers and workers; as a State administrator I know it is imperative that the employment-service and unemployment-insurance programs be given a unified leadership by the Department of Labor, which legally, logically, and by experience is the best qualified to give such leadership.

I therefore respectfully urge that you again give the same earnest and effective attention to support of plan No. 1, 1948, that you gave to plan No. 2, 1947.

Sincerely yours,

H. B. TURCAN, *Administrator,*
Louisiana Division of Employment Security.

Mr. DONNELL. Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. DONNELL. The Senator from Ohio [Mr. TAFT] emphasized the importance of not taking action at this time on the pending concurrent resolution because of the fact that the so-called Hoover Commission is performing its duties and is to make a report early in the coming year. I think that is a strong point, which, in my judgment, cannot be answered, and presents a common-sense approach to the situation we face.

In that connection I take this opportunity to refer to certain remarks made on behalf of the Chamber of Commerce of the United States which in my judgment are important, and are in point at this time. These remarks were made by Mr. Marion B. Folsom, treasurer of the Eastman Kodak Co., representing the Chamber of Commerce of the United States in Washington, D. C.; before the Labor Subcommittee of the Senate Committee on Labor and Public Welfare on Concurrent Resolution No. 131. Mr. Folsom was speaking on the 28th day of February this year. It is of interest to recall that he is chairman of the com-

mittee on social security of the Chamber of Commerce of the United States, and is a member of the Senate Finance Committee Social Security Advisory Council. I emphasize the membership of Mr. Folsom on the committee on social security of the Chamber of Commerce because to my mind it is of importance that a great organization such as the Chamber of Commerce of the United States obviously considers that matters relating to unemployment compensation are embraced within the general subject matter of social security.

The Chamber of Commerce of the United States, according to the statement made by Mr. Folsom, supports House Concurrent Resolution 131, that is to say, the Chamber of Commerce of the United States opposes the President's reorganization plan which is now being argued in this body.

Mr. Folsom states:

Thus, the Chamber opposed Reorganization Plan No. 1, a position based on a declaration of policy adopted by the membership at the chamber's 1947 annual meeting.

A copy of the declaration is set forth, and I should like to read from Mr. Folsom's statement, or the declaration, I am not certain which it is. It is headed:

THE FOURTH PLAN IN LESS THAN A YEAR

Reorganization Plan No. 1 represents the fourth separate and distinct approach to Government organization, so far as Federal job-finding and unemployment-benefit-paying activities are concerned, which the President has sponsored in less than a year.

First, late last spring he proposed Reorganization Plan No. 2, 1947, which would have placed job-finding activities in the Department of Labor, separating them from unemployment-benefit-paying activities which would have been placed in the Federal Security Agency.

Mr. President, I digress to recall that this particular proposal, Reorganization Plan No. 2, 1947, was disapproved by both Houses of Congress, and therefore did not go into effect.

Continuing, Mr. Folsom says, now speaking of the fourth plan in less than a year:

Second, a few months later, he—

That is, the President—

participated in the appointment of the distinguished Hoover Commission, charged with the duty of making an authoritative study, with recommendations, about the organization of the executive branch. Federal employment security activities are definitely within the scope of the study, and in fact, the Brookings Institution has been delegated the task of reporting on all Federal health, education, and social-security functions—an important piece of work that is still in progress.

I digress again to point out that not merely does the Chamber of Commerce of the United States say what I have been reading, but it points out, as I have indicated, that the great organization known as the Brookings Institution has been delegated an important task, which, as is indicated, is still in progress, or was, at any rate, when Mr. Folsom testified a few days ago. Continuing, he said:

Third, only last month, in his State of the Union message, the President called for the establishment of an executive department of

health, education, and security. The new department, in which all Federal activities in these fields would be centralized, would be a successor to the Federal Security Agency, and surely would include both the unemployment-compensation and employment-service functions.

Mr. Folsom concludes this portion of his statement with these words:

The present plan—

Meaning the plan which is being debated this afternoon in the United States Senate—

The present plan—clearly inconsistent with any of the foregoing—would tear both functions away from the other social-security activities and would put them both in the Labor Department. Being thus the fourth distinct approach in a very short period of time, how can the plan be considered a mature, carefully thought-through proposal to improve the executive branch?

Mr. President, I submit there is much common sense in that observation of Mr. Folsom of the Chamber of Commerce of the United States.

I have indicated here this afternoon the twofold position which I take with respect to this reorganization plan; first, that no action of this kind should be taken until the opportunity shall have been given for the Hoover Commission to make its report, which will be made in the early part of the year 1949; in the second place, that the Department of Labor is not the department in which to place these two functions, unemployment compensation and employment service.

It is the intention that either the distinguished Senator from Minnesota or myself will in a few minutes request a quorum call, and that following the quorum call each of us may take 10 minutes to close the debate upon the pending proposal, if that is agreeable to the Senate. Therefore I shall not at this moment go into the detail of the particular point I have made, but shall wait until more Senators are present at least to give a synopsis of the reasons which in my judgment should cause the Senate to refuse to approve the President's proposal.

I may say, however, in this connection that certainly from the standpoint of economy there has been no special advantage pointed out in favor of this particular proposal, this plan of the President of the United States. It will be recalled that in the Reorganization Act of 1945, under which the proposed plan is promulgated and suggested, it is stated:

It is the expectation of the Congress that the transfers, consolidations, coordinations, and abolitions under this act shall accomplish an over-all reduction of at least 25 percent in the administrative costs of the agency or agencies affected.

Mr. President, from the testimony before our committee it is very difficult, indeed, to determine with any degree of accuracy what would be the saving under this particular plan, but it certainly is true that there would be no material decrease in expense if the plan were to be put into effect over the saving which would result if the law were allowed to stand as it is, the Federal Security Agency to retain unemployment com-

penetration, and 6 months after the termination of the war receive also the functions of the Employment Service of the United States.

Mr. President, it may be of some interest to note, and I say this not in criticism but as a matter of fact, that when the Director of the Bureau of the Budget of the United States Government, Mr. Webb, came before our committee a few days ago to testify, he placed approximately \$50,000 as the saving which would result from this plan on the level here in Washington, and although it is obvious that either of these plans will effect results and changes in the field all over the United States, the Bureau of the Budget of the United States had not, in the consideration of the plan, given thought or attention to its effect upon the expenditures in the field. So we find Mr. Webb coming back at the request of the committee after having made some further investigation as to how much the saving would be under the plan now before us. I may say in passing that the total administrative expenses in the various States of the Employment Service and unemployment-compensation programs were shown by Mr. Webb to have amounted to \$5,852,064. Obviously a saving of \$50,000 on the Washington level would be less than 1 percent of the amount of the expenditures for the year 1948 as estimated by him.

Mr. President, I should not oppose the saving of less than 1 percent, but obviously it is not a change of a minute nature—I mean minute from the standpoint of finance—that is contemplated by the Reorganization Act, because as I read it, it was contemplated and it was the hope and the expectation of Congress that a saving of not less than 25 percent would result from each of the various plans that might be proposed. But, Mr. President, in point with the suggestion made by the Chamber of Commerce of the United States as to the inadequacy of the thought which has been given to the whole proposal which is now before us, I call the attention of the Senate to the fact that when Mr. Webb came before us he had not given attention or a single thought as to what would be the effect of the plan on the expenses of the Department except here in Washington. I may say incidentally that he stated that in his judgment the consolidation of the two functions, which if the law should stay as it is will in due time occur in the Federal Security Agency, would effect a saving of about \$40,000; so there was only about \$10,000 on the Washington level that Mr. Webb thought would be saved by this particular Presidential reorganization plan.

Mr. Webb, as I stated, then went back and made investigation as rapidly as he could, with respect to the field, and he came back with the general proposal which is set forth in the hearings at pages 61 and 62, indicating that in his judgment the saving under the plan proposed by the President would be, I believe, about \$4,000 more than it would be in the case of the consolidation back in the Federal Security Agency. Then after considering those figures he said that in addition to the above amount it

is estimated that under consolidation, either in the Department of Labor or in the Federal Security Agency, savings of \$500,000 can be made in the grants appropriation by reason of such operation of the two programs under a single set of fiscal budgetary and personnel standards.

The PRESIDING OFFICER. The Senator's 15 minutes have expired.

Mr. DONNELL. Mr. President, I thank the Senate for its attention. With the consent of the Senator from Minnesota [Mr. BALL], may I ask for a quorum call? The Senator from Minnesota advises me that another Senator desires to speak.

Mr. BALL. Mr. President, I yield 6 minutes to the Senator from Florida [Mr. PEPPER].

Mr. PEPPER. Mr. President, I would like to compliment the subcommittee of the Senate Committee on Labor and Public Welfare for the thoroughness and care with which it held hearings on Reorganization Plan No. 1 of 1948. Due to the comprehensive record so built, it became obvious to 9 of the 13 members of the full committee that the Senate should favor the adoption of this reorganization plan.

No one seems to disagree upon the value of placing the employment-service and the unemployment-compensation programs in one Federal department with all possible dispatch. Even the opponents of the reorganization plan concur in the wisdom of speeding the coordination of these Federal responsibilities into a single department.

Nevertheless, some opponents of the plan recommend that the Congress should defer action on this or any other reorganization until the Commission on Organization of the Executive Departments of the Government makes its report sometime in 1949. As the record shows, when Congress created that Commission, specific provision was made that no reorganization proposal, either by Congress or by the President, should be postponed until the Commission finishes its report. Furthermore, the Chairman of that Commission, former President Hoover, on February 19 recommended that Congress and the President proceed with needed reorganization without delaying such action until his Commission makes its report.

It is interesting to me that the distinguished senior Senator from Ohio [Mr. TAFT] was one of the three members of his committee who recommend that no reorganization action be taken until after the Hoover commission reports. This minority position of the distinguished Senator has come as a surprise to me, laboring, as I was, under the belief that the Senator was promoting the bill which he has introduced to establish a new department of government and thus effect a considerable reorganization of government.

Moreover, in connection with the argument that Congress should wait on the Hoover commission, I think it is of more than passing interest that two of the four congressional members of that 12-member commission disapprove House Concurrent Resolution 131 and favor this reorganization plan.

Mr. President, all we have been able to learn from the opponents of the reorganization plan as to the reasons for their opposition is that they hold fears—as formless as they were nameless—that the Secretary of Labor will somehow conspire to direct the program in a partisan, prejudicial fashion. Opponents claim that the Secretary of Labor will determine for the four State administrators, first, who should and who should not receive unemployment-compensation checks; and, second, for what amount and for how long.

Opponents of the plan imply that the Secretary will try to tell employers whom they must hire and whom they must not. Has there been any evidence of such an attitude on the part of the Secretary of Labor during the last 2½ years that the United States Employment Service has been in the Department of Labor? Apparently not. The record shows that with the USES in the Department of Labor, employers have been attracted to—not driven from—the use of our public employment service in greater numbers in the last 2½ years than ever before. Need I point out that the Federal statutes and the statutes of the 48 States and 3 Territories are safe from the Secretary of Labor superseding them and requiring payment of benefits or the withholding of benefits? The Federal and State laws provide clear and comprehensive limitations and mandates covering the payment of unemployment-compensation benefits and administration of the unemployment-compensation trust fund.

Mr. President, my State is predominantly agricultural. The same is true of perhaps most of the States represented in this body. The needs of farmers are not to be overlooked in any of our States. In addition to all the other good reasons that have been urged for the acceptance of Reorganization Plan No. 1 of 1948, I should like to supply another. Farmers are not covered by unemployment-compensation laws. Farm workers cannot build up unemployment-compensation benefits. But farmers must look to the United States Employment Service to assist them in the recruitment of a farm labor supply, and the maintenance of that supply throughout the critical crop seasons. The United States Employment Service, since it resumed farm placement activities on January 1, 1948, is doing a most creditable job for farmers and farm workers. It has already won a considerable degree of cooperation and admiration from farmers and growers' associations while in the Department of Labor.

Farmers are much concerned that their interests and the activities of the United States Employment Service will be submerged if the Service is removed from the Department of Labor to an agency whose primary concern is the administration of insurance programs of no relation to farmers and farm employment. In the Department of Labor the responsibility of finding workers for employers, including farmers, and of finding jobs for workers, including farm workers, will be emphasized over the payment of unemployment-compensation checks.

In consideration of these facts I urge that this body reject House Concurrent Resolution 131 so that the reorganization plan can be adopted.

The Honorable Millard F. Caldwell, distinguished Governor of Florida, has urged the Senate to approve Reorganization Plan No. 1. The Commission responsible for the administration of both the unemployment-compensation and the employment-service programs in my State of Florida has stated:

In all matters, whether they be large or small, the Department of Labor has demonstrated its ability to cooperate and administer its program to our complete satisfaction. Although our unemployment-compensation record is one of the most efficient and economical in the Nation, we have continuously battled with the Federal Security Agency over budgets, compensation plans, procedures, and many minor subjects. Furthermore, the Department of Labor definitely recognizes the sovereignty of the States and their rights to administer these Federal-State programs without petty hindrances. It is our sincere hope that your committee will take favorable action on Reorganization Plan No. 1 of 1948.

I therefore wish to join in that recommendation to the Senate, that we reject House Concurrent Resolution 131.

I thank the able Senator from Minnesota [Mr. BALL] for his allocation of time.

Mr. BALL. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time required by the quorum call be equally divided between the two sides.

The PRESIDENT pro tempore. Is there objection? The Chair hears none. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hawkes	Murray
Baldwin	Hayden	Myers
Ball	Hickenlooper	O'Connor
Barkley	Hoey	O'Daniel
Bricker	Holland	O'Mahoney
Bridges	Ives	Overton
Brooks	Jenner	Pepper
Buck	Johnson, Colo.	Reed
Bushfield	Johnston, S. C.	Robertson, Va.
Butler	Kem	Robertson, Wyo.
Byrd	Kilgore	Russell
Capehart	Knowland	Saltonstall
Capper	Langer	Sparkman
Connally	Lodge	Stennis
Cooper	Lucas	Stewart
Cordon	McCarran	Taft
Donnell	McCarthy	Taylor
Dworshak	McClellan	Thomas, Okla.
Eastland	McFarland	Thomas, Utah
Eaton	McKellar	Thye
Ellender	McMahon	Umstead
Ferguson	Magnuson	Vandenberg
Flanders	Malone	Watkins
Fulbright	Martin	Wherry
George	Maybank	Wiley
Green	Millikin	Williams
Gurney	Moore	Wilson
Hatch	Morse	Young

The PRESIDENT pro tempore. Eighty-four Senators having answered to their names, a quorum is present.

The Chair inquires of the Senator from Minnesota and the Senator from Missouri whether there is to be further debate on this question.

Mr. BALL. Mr. President, how much time have I remaining?

The PRESIDENT pro tempore. The Senator from Minnesota has 10 minutes remaining, and the Senator from Missouri has 15 minutes.

Mr. BALL. I yield 5 minutes to the Senator from Kentucky [Mr. BARKLEY].

Mr. BARKLEY. Mr. President, of course, in 5 minutes no one can adequately discuss this proposal. But I wish to register my approval of Reorganization Plan No. 1 and I desire to give one or two reasons why I think it should be adopted.

In the first place, Congress authorized the President to undertake reorganization of the executive departments. Congress was not doing a futile thing when it authorized the President to do that. Congress had a right to assume that from time to time the President would exercise the authority thus conferred upon him by law. It is in the exercise of that authority that the President has sent to Congress the reorganization plan which combines in the Department of Labor, for administrative purposes, the Employment Service—the USES—and the unemployment-compensation features now in the Federal Security Administration.

It seems to me that no one can deny that the question of getting jobs for persons who are unemployed is intimately related to the question of paying them unemployment compensation if they are not employed. In the social security set-up, naturally the emphasis is on compensation. That organization is not charged with the duty of finding jobs for unemployed persons, but its duty is to provide compensation for them while they are unemployed, whereas in the Department of Labor the emphasis is on finding jobs for unemployed persons. To my mind it is infinitely more important that unemployed persons be given jobs than it is that they be given compensation temporarily while they are out of employment. Similarly, I believe the two services should be correlated.

In the views of the minority in regard to this matter, quotations are given from a letter written by Mr. Ewing in which he was emphasizing his side of the case, in connection with the reasons for the President's recommendation that this transfer be made; but the whole matter was not included. He stated in his letter that he was stating his side of the question but he said that of course the President had exercised the judgment incumbent upon him, and he said further that since the President was advocating the transfer, he had no objection.

Mr. President, it is argued that we should wait until the Commission headed by former President Hoover has reported. Mr. Hoover himself said, on the 19th of February, I believe, that we should not wait for the Commission to report, that there was no reason why we should wait for the report of the Commission, before proceeding with the normal consolidation of the departments and agencies of the Government. I do not know that he had this particular plan in mind when he made that statement; but certainly by analogy it could be interpreted as a recommendation that Congress proceed with its duty, and not wait for the Commission to report, before voting to approve the plan submitted by the President under the act which the Congress passed into law.

I have no doubt there will be greater efficiency in the Department of Labor if it handles both these agencies and coordinates and correlates them—both unemployment as to jobs and unemployment as to compensation—than would be possible under a separation of the jurisdiction of those two agencies. It seems to me that the interests of economy and efficiency require their consolidation. It also seems to me that we should continue the emphasis placed upon finding jobs for people, rather than finding ways to pay them if they are unemployed. Both those things go together, and both should be administered by the same department. Therefore, I am in favor of Reorganization Plan No. 1.

It is stated or intimated in the minority views that employers do not have full faith in the Department of Labor. It is the business of the Department of Labor, Mr. President, through the Employment Service, to find employment for people; and in the past several years they have been able to find jobs for approximately 7,000,000 American workingmen. Surely the industry of the country needs such an agency. Surely it ought not to be taken out of the Labor Department. That Department was created by a fundamental act 35 or 36 years ago in order that it might promote the welfare of working people. Certainly it is in the interest of the promotion of their welfare to find employment for them rather than simply to compensate them while employment is lacking. Therefore, I hope the plan will be adopted, and that the House resolution will be rejected.

The PRESIDENT pro tempore. The Senator's time has expired.

Mr. BALL. Mr. President, the two services of unemployment compensation and employment service, as all Senators know, are administered at the State level by the State governments. In every State the two functions are combined in one division. There is, I believe, no argument on the Senate floor that it would be inadvisable to have their supervision at the Federal level combined in one department. The real issue is whether they should be combined in the Federal Security Agency or in the Department of Labor.

One other issue has been raised, namely, that Congress should not act on the matter until the Hoover Commission reports.

Mr. President, I think the Senate has debated the question fully. It was debated last year; it has been debated at this time. We have all the facts. It is believed that the objective sought by opponents of the measure may be only delayed. As a matter of fact, the only condition under which the report of the Hoover Commission would change the question before Congress is in the event the Commission recommended abolition of the Department of Labor. Even though the Commission might find such action administratively sound, I do not think there is a Senator on the floor who would agree that it is politically possible. It will not be done. If there is to be a Department of Labor devoted to serving the interests and welfare of the wage

earners of the United States, I submit that there are no functions of government which more appropriately belong in that department than those relating to the payment of unemployment-compensation benefits temporarily to wage earners who may be unemployed and cannot find a job, and the function of the Employment Service, in trying, as soon as possible, to find full-time jobs for the same wage earners. The primary purpose of both programs is to serve the welfare and interests of the wage earners. If there are any functions that appropriately belong in the Department of Labor, they are those two functions. I hope the Senate will see fit to vote to reject House Concurrent Resolution 131, and approve the reorganization plan.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. BALL. I yield to the Senator from West Virginia.

Mr. KILGORE. I should like to ask the Senator from Minnesota if it is not true that the inclusion of the two functions within the Department of Labor would make it a true Department of Labor, representing the interests of both organized and unorganized labor? Would it not afford to unorganized labor the same contacts as to organized labor?

Mr. BALL. I think the Senator is correct. I believe that a greater number of unorganized workers perhaps take advantage of these programs than do the organized workers, the members of the unions very often being covered by seniority provisions, by reason of which they do not make use of the Employment Service in obtaining jobs.

Mr. President, the fears that supervision by the Department of Labor will change merit-rating or job-referral standards are completely unfounded. Those standards are written into State laws. They cannot be changed by Federal regulation. Those are the primary fears that have been expressed by opponents of the reorganization plan. I do not think they have any foundation.

The PRESIDENT pro tempore. The entire time of the Senator from Minnesota for the presentation of arguments on his side has expired.

Mr. DONNELL. Mr. President, how much time do I have?

The PRESIDENT pro tempore. Fifteen minutes.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. DONNELL. I yield to the Senator from Nevada.

Mr. MALONE. Mr. President, it seems to me that since there is a \$2,000,000 congressional commission making a fair and full investigation and that is obligated to report to the Congress of the United States within 7 or 8 months, at least prior to the meeting of the Eighty-first Congress, we should not set or encourage a precedent for the President to continue the juggling of departments in the meantime. In other words, it seems to be well established that the two bureaus, the Bureau of Employment Security and the United States Employment Service, should be together, that they both should be either in the Federal Security Agency or in the Depart-

ment of Labor. That seems to be well established. All the witnesses have agreed to that. It is simply a question of where the permanent reorganization should be finally lodged. Therefore I shall vote to approve the resolution, in order to prevent undue juggling of departments until the joint committee, which is spending \$2,000,000 and which is doing a very serious piece of work, has completed its investigation and reported to the Senate and to the House of Representatives relative to the final disposition of the two bureaus.

Another provision which makes the present agitation of the work of the Unemployment Compensation Bureau and the Employment Service unwise at this time is, I am informed, that within 6 months following the official close of World War II, that the Employment Service must be returned to the Federal Security Agency.

Each move involves a transfer of personnel and records—it is unwise to continue such a procedure until we have concrete evidence from the congressional commission as to where they really belong.

Mr. MAGNUSON. Mr. President, will the Senator yield for an insertion in the RECORD on the matter now pending before the Senate?

Mr. DONNELL. I yield very briefly.

Mr. MAGNUSON. Mr. President, I intend to support the reorganization plan. I ask unanimous consent that my reasons therefore may be printed in the RECORD at this point.

The PRESIDENT pro tempore. Is there objection?

There being no objection, Mr. MAGNUSON's statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MAGNUSON

The Committee on Labor and Public Welfare has recommended approval of Reorganization Plan No. 1 of 1948, and the defeat of House Concurrent Resolution No. 131 by a 9 to 4 vote. The subcommittee held 2 days of hearings on this plan, and recommended its approval to the full committee.

I understand that the minority of both the subcommittee and the full committee believes that the reorganization plan should be rejected because the whole question of the organization of the executive branch of the Government is now being studied by the Hoover Commission. It certainly was never my understanding when we established the Commission on Organization of the Executive Departments of the Government, that we in any way nullified our authority or responsibility to take action on reorganization plans or laws which might change the location of an agency within the Federal structure. I don't believe any Senator thought that would be the case.

John D. Davis, commissioner of the Employment Security Department of the State of Washington, appeared before the Senate subcommittee in favor of Reorganization Plan No. 1, and in his statement spoke to this point. He had read the report of the House committee which considered this matter and understood that waiting for the Hoover Commission seemed to be the only argument (if you wish to call that an argument) being advanced by those who wished to defeat the reorganization plan.

Mr. Davis, commissioner of employment security in my State, is fully acquainted with the present status of the Employment Service

and unemployment-compensation programs, and he had this to say in his testimony before the Senate subcommittee.

"Since the return of the employment service to State operation, we in the States have been faced with many problems arising out of the separated operation of these functions by the Federal Government. * * * The disadvantages of continued separation of these two Federal functions and the advantages to be gained from their joinder in a single department are numerous and well-recognized. * * *

"From the standpoint of the States, coordination of these functions in a single Federal department is * * * important. * * * This separate administration at the Federal level and the consequent requirement of dealing with two sets of personnel in this program result in constant irritation, confusion, contradiction, and wasted time in the State agencies. * * *

"This reorganization plan, I believe, fully attains the objective which we in the States have long sought. * * * A new Division of Employment is created in the Department of Labor. For the first time, our Federal Government will, as the result of adoption of this plan, recognize in its administrative structure that the problems of employment and unemployment are worthy of attention at a high level. This plan seems ideally constructed to meet the present operating problems and to assure concentrated attention upon the national economic problems in the field of employment and unemployment. * * *

"With respect to the objection that no action to unify these functions should be taken now because the Hoover Commission is studying the whole question of administrative organization, I suggest that those who raise it are not entirely sincere or at best do not fully understand the proposal. * * * There is common agreement among all State and Federal people who have a direct concern with this program that these problems can be and should be resolved by unifying the functions in a single department. Since all the authorities in this field agree, why should we endure the curses of the present situation a moment longer than necessary. At best, Congress may not act on the recommendations of the Hoover Commission within 2 years."

That is the opinion of a man who is fully acquainted with the State side of the picture.

There is no need for continuing the present unsatisfactory state of affairs when every one of the 48 State employment security administrators in this country agrees that the Federal functions of the Employment Service and Unemployment Compensation Commission should be coordinated in one department, and every one of these 48 State administrators believes that they should be coordinated now. I agree with them. Certainly from the standpoint of good administration and better service to the 48 States that Reorganization Plan No. 1 be approved, and House Concurrent Resolution No. 131 be rejected. In addition to these reasons it is entirely clear that the only way that any money can be saved this year, or probably next year, is to act favorably on Reorganization Plan No. 1. Waiting for the Hoover Commission report will cost this Government more than the cost of the Hoover Commission study itself—probably twice as much. Therefore, I believe the evidence is compelling that House Concurrent Resolution 131 should be defeated.

Mr. DONNELL. Mr. President, I yield to myself the remainder of the time on our side. May I inquire how much time I have?

The PRESIDENT pro tempore. The Senator is recognized for 14 minutes.

Mr. DONNELL. I am glad it is not 13.

Mr. President, the plan that is before the Senate does two things primarily. In the first place, it shifts the Federal functions relative to unemployment compensation from the Federal Security Agency to the Department of Labor. This it does, although the functions of unemployment compensation have for approximately 13 years been in the social security branch of the Government, in fact, ever since the passage of the Federal Social Security Act in 1935. The functions relative to unemployment compensation have never been in the Department of Labor. So, Mr. President, one of the effects or results of the reorganization plan would be the shifting of the unemployment compensation from the branch of the Government in which it has always been, to a department in which it has never been.

In the second place the proposed reorganization plan will technically transfer to the Department of Labor the United States Employment Service. I say technically, because that Service is today at this moment in the Department of Labor, but with this very important reservation, that under the law as it now stands, at the conclusion of 6 months following the termination of the war, the Employment Service automatically goes back to the Federal Security Agency.

Therefore, Mr. President, we are confronted with this situation: If the President's reorganization plan shall be approved, the unemployment compensation and employment-service functions will both be placed in the Department of Labor. If, on the other hand, the President's proposal is not adopted, the law itself will ultimately, at the end of 6 months after the termination of the war, bring about the very consolidation to which the senior Senator from Kentucky referred a few moments ago. The consolidation, instead of being in the Department of Labor, will then be in the Federal Security Agency.

Mr. President, I oppose the President's plan, for two reasons: First, that no action toward changing the existing law with respect to the two functions of unemployment compensation and employment service should be taken until after the Hoover Commission shall have reported. The Commission will report under the terms of the law creating it, in the early part of January of next year. As I understand, three-quarters of a million dollars was appropriated at the outset for the initiation of the work of the Commission. The very appropriate remarks of my friend from Nevada [Mr. MALONE] it seems to me should be emphasized so strongly that they cannot be forgotten, that it would be establishing an improper precedent, considering an organization such as the Hoover Commission, financed, I trust, adequately, certainly with a personnel of the highest possible type, not to wait until that Commission shall have had an opportunity to make its report.

Mr. President, I am not unmindful of the presentation made this afternoon by the distinguished Senator from Vermont [Mr. Aiken], and I can well understand

how the Hoover Commission might very generously say it does not plan at all that its work shall impede the work of the Congress of the United States. But, regardless of what the Commission may have said, regardless of what the House committee may have said along similar lines at the time the bill was passed creating the Commission, I submit that from the standpoint of sound business judgment it is a mistake to allow the President's reorganization plan to go into effect until this adequately personneled and, I trust, adequately financed, Commission shall have had an opportunity to report.

The second point I make is that the functions relating, respectively, to unemployment compensation and employment service, should not in any event, certainly at this time, be placed in the Department of Labor.

What are my reasons for this statement? At the outset I should say that to my mind these functions, inasmuch as they concern not only labor but employers, should, so far as possible, be placed in a neutral agency. I appreciate the difficulty of entire neutrality. I can well understand how there may be those who would feel that even the Federal Security Agency is not characterized with that utmost, superlative, paramount neutrality which we should like to have. That may well be true; but, obviously, Mr. President, that office of our Government, the Federal Security Agency, is not under the trust relationship created by the statute which established the Department of Labor, making it, as I see it, virtually a trustee, and the wage earners of our country *cestuis que trustent*.

Without criticism of the Department of Labor, but, indeed, commending it for its fine adherence to the statute creating it, I say it is impossible for that agency to have even an approach to the neutrality which it should have in order that all persons concerned should have so far as possible a neutral, unbiased agency in charge of their affairs.

Mention has been made of the fear of employers. My distinguished friend from Minnesota [Mr. BALL] himself stated that no doubt there is great fear among employers. My friend from New York [Mr. IVES] was inclined to feel, in fact, I think he does feel affirmatively, that that fear is unfounded. But, Mr. President, if time permitted I might read some very eloquent and impressive statements from employers showing the existence, at any rate, of that fear. I quote for illustration just a sentence from the testimony of Mr. R. K. Argo, personnel director of the Alabama Mills, Inc. He said:

Take the Labor Department. Two of the assistant secretaries are chosen from the ranks of the A. F. of L. and CIO who represent only a small minority of workers—not management, but workers—throughout the country. We believe it is a recognized fact that the Labor Department serves only the interest of labor and not that of business.

It is entirely possible that Mr. Argo may be mistaken, but I can well understand the fear, when we find, as I have found upon my desk, a letter from Wil-

liam Green of the American Federation of Labor setting forth a section of a declaration of policy of the sixty-sixth convention of the American Federation of Labor in which it is said:

We have repeatedly called for the administration of the United States Employment Service to be placed within the United States Department of Labor. In view of the close tie between unemployment compensation and the employment services we recommend that legislation be introduced providing for the transfer of both the United States Employment Service and the Bureau of Employment Security from the Federal Security Administration to the United States Department of Labor.

When I see that statement and see, likewise, as set forth in the CONGRESSIONAL RECORD, a letter from Mr. Murray to whom the distinguished Senator from Minnesota referred, glowingly and strongly advocating the Presidential reorganization plan, I can well understand the fear which the gentlemen who are employers, and represent management, legitimately and honestly entertain. It may be that they are mistaken; it may be they are wrong, but the fear exists. It is a fear that should not have any reason to exist. It is entirely possible to place these functions in a department which certainly should not have a duty as a trustee, at any rate, to safeguard the interests of one side as against the interests of the other.

It may be—and I am not so sure but what it is true—that the Federal Security Agency will incline toward labor. I am not questioning that. I do say, Mr. President, that that organization is not subject to the duty of trustee and *cestui que trust*.

I have not the time in these concluding moments to repeat what has been said this afternoon with respect to the relation of the Unemployment Compensation and the Employment Service to the Federal Security Agency, but I call attention to the fact that certainly a President of the United States, the Honorable Franklin D. Roosevelt, thought they were related, when in 1939 he took away from the Department of Labor the Employment Service and placed it alongside of and in coordination with the Unemployment Compensation Service in the Federal Security Agency of the United States.

Mr. President, I point out, as has already been done this afternoon, the very close relationship existing between unemployment compensation, the employment service, and social-security functions.

Reference was made by the senior Senator from Kentucky to a letter from Mr. Oscar R. Ewing, Administrator of Social Security. It was stated that the entire letter does not appear in the report. It does appear in the CONGRESSIONAL RECORD at pages 1770 and 1771. I should like to close by reading a few words from the concluding paragraph of his letter. He testified before us that his letter was a lawyer's letter, setting forth his views, and he was perfectly satisfied to go along with the policy determined. His letter, in its concluding paragraph, says:

It is my considered opinion—

That indicates a lawyer or an advocate setting forth these things to be counterbalanced by others—

It is my considered opinion that employment, compensation in the event of unemployment, compensation for temporary disability due to accident or sickness, extended disability benefits if provided, old-age insurance, survival benefits, and assistance for those not eligible for insurance benefits are inextricably bound together.

Mr. President, they are bound together, and Mr. Ewing's letter was correct.

I close, Mr. President, with this remark: I am sure that the Chair will advise the Senate what the particular parliamentary procedure is with respect to the vote. In my mind we have a situation which has not been adequately considered in the past, according to the Chamber of Commerce of the United States. I think we should at least give them some measure of credibility as to their opinion concerning a measure which would take away from the Security Agency a function, an unemployment-compensation function, which Congress decided 12 or 13 years ago should be there and which has never been taken away from it for a single minute of time. I say we should consider very carefully any proposal to place back in the Department of Labor permanently and anchoring it there—I mean permanently in the sense that it cannot be changed without further statute—the Employment Service. One function it has never had would be there, and also a function which, under the law, automatically reverts to the Federal Security Agency.

For this reason and for the final reason I have indicated, that the commission headed by Mr. Hoover has not had time to file its report, I earnestly ask for the adoption of House Concurrent Resolution 131 which disapproves the President's recommendation.

The PRESIDENT pro tempore. The time of the Senator from Missouri has expired.

Mr. WHERRY. I suggest the absence of a quorum.

Mr. BALL. Before the quorum is called, I ask for the yeas and nays on the concurrent resolution.

The yeas and nays were ordered.

The PRESIDENT pro tempore. The Senator from Nebraska suggests the absence of a quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	McClellan
Baldwin	George	McFarland
Ball	Green	McKellar
Barkley	Gurney	McMahon
Bricker	Hatch	Magnuson
Bridges	Hawkes	Malone
Brooks	Hayden	Martin
Buck	Hickenlooper	Maybank
Butler	Hoey	Millikin
Byrd	Holland	Moore
Capehart	Ives	Morse
Capper	Jenner	Murray
Connally	Johnson, Colo.	Myers
Cooper	Johnston, S. C.	O'Connor
Cordon	Kem	O'Daniel
Donnell	Kilgore	O'Mahoney
Dworshak	Knowland	Overton
Eastland	Langer	Pepper
Eaton	Lodge	Reed
Ellender	Lucas	Robertson, Va.
Ferguson	McCarran	Robertson, Wyo.
Flanders	McCarthy	Russell

Saltonstall	Thomas, Okla.	Wherry
Sparkman	Thomas, Utah	Wiley
Stennis	Thye	Williams
Stewart	Umstead	Wilson
Taft	Vandenberg	Young
Taylor	Watkins	

The result was—yeas 58, nays 25, as follows:

YEAS—58

Baldwin	Hawkes	Reed
Bricker	Hickenlooper	Robertson, Va.
Bridges	Hoey	Robertson, Wyo.
Brooks	Holland	Russell
Buck	Ives	Saltonstall
Butler	Jenner	Stennis
Byrd	Kem	Stewart
Capehart	Knowland	Taft
Capper	Lodge	Thomas, Okla.
Connally	McCarran	Thye
Cordon	McCarthy	Umstead
Donnell	McClellan	Vandenberg
Dworshak	McFarland	Watkins
Eastland	Malone	Wherry
Eaton	Martin	Wiley
Ferguson	Millikin	Williams
Flanders	Moore	Wilson
Fulbright	O'Connor	Young
George	O'Daniel	
Gurney	Overton	

NAYS—25

Aiken	Johnston, S. C.	Murray
Ball	Kilgore	Myers
Barkley	Langer	O'Mahoney
Cooper	Lucas	Pepper
Ellender	McKellar	Sparkman
Green	McMahon	Taylor
Hatch	Magnuson	Thomas, Utah
Hayden	Maybank	
Johnson, Colo.	Morse	

NOT VOTING—13

Brewster	Hill	Tydings
Bushfield	McGrath	Wagner
Cain	Revercomb	White
Chavez	Smith	
Downey	Tobey	

The PRESIDENT pro tempore. On the question of agreeing to House Concurrent Resolution 131, the yeas are 58 and the nays are 25, so the concurrent resolution is agreed to, and Reorganization Plan No. 1 of January 19, 1948, is disagreed to.

REPORT ON LEND-LEASE OPERATIONS
(H. DOC. NO. 568)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which, with the accompanying report, was referred to the Committee on Foreign Relations.

(For text of President's message, see proceedings of the House of Representatives on p. 3036.)

TRANSFER BY NAVY DEPARTMENT OF
CERTAIN DORIES

The PRESIDENT pro tempore laid before the Senate a letter from the Acting Secretary of the Navy, reporting, pursuant to law, that the Coastal Auxiliary, Inc., of Myrtle Beach, S. C., had requested the Navy Department to transfer three dories for use by that organization in maritime rescue operations, which was referred to the Committee on Armed Services.

PETITIONS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of California; to the Committee on Finance:

"Senate Joint Resolution 2

"Joint resolution relative to memorializing Congress to keep open the Veterans' Administration Office at Modesto

"Whereas the veterans served by the Modesto office of the Veterans' Administration number between 16,000 and 20,000 and constitute between 25 percent and 30 percent of the population of the Modesto area; and

"Whereas the said Modesto office is scheduled to be closed on the 19th day of March 1948; and

"Whereas the nearest office of the Veterans' Administration will then be 29 miles distant from the said Modesto office; and

"Whereas the closing of the said Modesto office will seriously disrupt the apprenticeship and on-the-job training program in Modesto and throughout Stanislaus County: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California (jointly), That the Congress and the President of the United States are urged and memorialized to take such steps as may be necessary to keep open the office of the Veterans' Administration at Modesto, and provide adequate funds therefor; and be it further

"Resolved, That the secretary of the Senate is directed to transmit copies of this resolution to the President of the United States, to the President of the Senate and the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A resolution adopted by the Council of Jewish Federations and Welfare Funds, Inc., at Chicago, Ill., favoring the enactment of House bill 2910, to authorize the United States during an emergency period to undertake its fair share in the resettlement of displaced persons in Germany, Austria, and Italy, including relatives of citizens or members of our armed forces, by permitting their admission into the United States in a number equivalent to a part of the total quota numbers unused during the war years; ordered to lie on the table.

By Mr. GREEN:

A resolution of the General Assembly of the State of Rhode Island; to the Committee on Banking and Currency:

"Resolution requesting the Senators and Representatives from Rhode Island in the Congress of the United States to work for an investigation of the grain shortage which confronts the Nation and the present allocation of such commodity, for the purpose of providing immediate alleviation of this serious situation, which is menacing the poultry and dairy industry in this and other States

"Whereas a serious grain shortage confronts the Nation and the present allocation of such commodity is raising the price of grain almost every week, a condition which leaves the poultry and dairy industry in this and other States in such hazardous state that a shortage of fowl and meat will undoubtedly ensue: Now, therefore, be it

"Resolved, That the members of the Rhode Island General Assembly do earnestly request the Senators and Representatives from Rhode Island in the Congress of the United States of America to work for an investigation of such grain shortage and the present allocation of this commodity which will alleviate the increasing prices for the purchase of grain which is making it almost prohibitive for those engaged in the poultry and cattle industry to continue in this form of livelihood; and be it further

"Resolved, That duly certified copies of this resolution be transmitted by the secretary of state to the Senators and Representatives from Rhode Island in the Congress of the United States."

REDUCTION OF INCOME-TAX PAYMENTS—LETTER FROM MANHATTAN
(KANS.) CHAMBER OF COMMERCE

Mr. CAPPER. Mr. President, I have a letter from the secretary of the Chamber of Commerce of Manhattan, Kans., setting forth three specific recommendations in connection with pending income-tax legislation, commonly referred to as

The PRESIDENT pro tempore. Eighty-three Senators having answered to their names, a quorum is present. Under the unanimous-consent agreement, the Senate will now proceed to vote.

Because of the parliamentary paradox involved in the vote, the Chair has been requested to make the following statement:

Reorganization Plan No. 1 is before the Senate in the form of House Concurrent Resolution 131 disapproving the plan. The question will be put on agreeing to the concurrent resolution disapproving the plan. Therefore, Senators favoring the plan will vote "nay." Senators opposing the plan will vote "yea." If there is any question about the accuracy of the Chair's announcement, the Chair will recognize any Senator.

The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. GREEN. Mr. President, my colleague the junior Senator from Rhode Island [Mr. McGRATH] is absent on official business. He has sought a pair, but was unable to find one. If present and voting, he would vote "nay."

Mr. WHERRY. I announce that the Senator from Maine [Mr. BREWSTER] is necessarily absent.

The Senator from Washington [Mr. CAIN] is absent by leave of the Senate, and is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Washington would vote "yea," and the Senator from New Mexico would vote "nay."

The Senator from Maine [Mr. WHITE] is absent because of illness, and is paired with the Senator from New Jersey [Mr. SMITH], who is absent on official business. If present and voting, the Senator from Maine would vote "yea," and the Senator from New Jersey would vote "nay."

The Senator from West Virginia [Mr. REVERCOMB] is necessarily absent.

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent, and, if present and voting, would vote "nay."

The Senator from South Dakota [Mr. BUSHFIELD] is necessarily absent. If present and voting, the Senator from South Dakota would vote "yea."

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent by leave of the Senate.

The Senator from Alabama [Mr. HILL] is absent on public business.

The Senator from Maryland [Mr. TYDINGS] is absent because of illness.

The Senator from California [Mr. DOWNEY] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Washington [Mr. CAIN]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Washington would vote "yea."

I announce further that the Senator from New York [Mr. WAGNER] would vote "nay" if present.

the Knutson bill, H. R. 4790. I ask unanimous consent to present the letter for appropriate reference and request that it may be printed in the RECORD.

There being no objection, the letter was received, ordered to lie on the table, and to be printed in the RECORD, as follows:

CHAMBER OF COMMERCE,
Manhattan, Kans., March 13, 1948.
The Honorable ARTHUR CAPPER,
The Senate, Washington, D. C.

DEAR SENATOR CAPPER: This is to inform you that the governmental affairs committee of the Manhattan Chamber of Commerce, headed by Dr. F. D. Farrell, president emeritus of Kansas State College, studied the Knutson bill (H. R. 4790) very thoroughly, and passed their recommendations on to the board of directors of the Manhattan Chamber of Commerce.

At the regular meeting of the board of directors held on February 10, 1948, I, as secretary of the Manhattan Chamber of Commerce, was instructed by board resolution adopted by unanimous vote of the directors present, to notify you and the other Members of the Kansas congressional delegation that the Manhattan Chamber of Commerce:

1. Urges that every practicable effort be made during these times of high national income to effect substantial reduction in the Federal debt, principally through reduction in governmental expenditures.

2. Recommends a moderate reduction in the Federal income-tax liability of persons in the lower-income-tax brackets.

3. Urgently recommends that the present discriminations against Federal income-tax payers in the non-community-property States be discontinued.

We sincerely hope and trust that you will give these recommendations serious consideration when the Knutson bill comes up for vote.

Respectfully submitted,

MANHATTAN CHAMBER OF
COMMERCE,

C. C. KILKER, Secretary-Manager.

OLEO AND SOYBEANS—EDITORIAL FROM HOARD'S DAIRYMAN

Mr. CAPPER. Mr. President, I have received a fine editorial on the oleomargarine question which appeared in the March 10, 1948, issue of Hoard's Dairyman. It is such an able article on this controversial matter that I send it to the desk for appropriate reference, and ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was received, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

OLEO AND SOYBEANS

In the interest of honesty and commercial morality, the present tax of 10 cents a pound on yellow oleomargarine must be maintained. Indeed, properly, it should be increased to make it impossible for this product to masquerade as butter.

Dairymen are willing to accept the results of honest competition, but they protest that yellow oleomargarine is a substitute so cunningly devised and colored that it cannot be detected except by scientific experts and for this reason cannot be considered honest competition.

This question of deceit is the major reason why consumers as well as producers should support the present Federal law. As has been true through the years, the two dozen manufacturers of oleomargarine have sought to confuse the issue. They seek to set farmer against farmer on the basis of self-interest and have induced some representatives of the soybean industry to front for them and argue

for the repeal of the Federal law taxing yellow oleomargarine.

What are the facts as to self-interest of the grower of soybeans? As Al Smith used to say, "Let's look at the record." Here is what we find, based on records from the United States Department of Agriculture:

The farm price of soybeans in 1946 was \$2.57, and 80 percent of the production was crushed for oil and meal. The grower received not quite two-thirds of the wholesale value of the resulting oil and meal. On the bushel basis he received slightly under 18 cents for the soybean oil used in oleomargarine; \$1.11 for the soybean oil used in paints, shortening compounds, etc.; and \$1.28 for soybean meal.

What is the grower's major interest and most important market? Is it the 18 cents a bushel from soybean oil used in oleomargarine or the \$1.28 he receives from the soybean meal purchased by the dairyman?

The self-interest of the soybean farmer, if nothing else, should lead him to support protection against dishonest competition in dairy markets. Good dairy prices are a vital factor in conserving the future price of soybeans.

REPORT OF COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. BUTLER, from the Committee on Interior and Insular Affairs, to which was referred the bill (H. R. 4167) to authorize the States of Montana, North Dakota, South Dakota, and Washington to lease their State lands for the production of oil, gas, and other hydrocarbons for such terms of years and on such conditions as may be from time to time provided by the legislative assembly of the respective States, reported it with amendments, and submitted a report (No. 1014) thereon.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BUSHFIELD:

S. 2323. A bill to authorize and direct the Secretary of the Interior to issue to Charles Short Step a patent in fee to certain land; to the Committee on Interior and Insular Affairs.

By Mr. LANGER:

S. 2324. A bill to grant a preference to certain former employees and temporary and war-service-indefinite employees of the United States in obtaining a permanent civil-service status;

S. 2325. A bill to enable certain former officers or employees of the United States separated from the service subsequent to January 23, 1942, to elect to forfeit their rights to civil-service retirement annuities and to obtain in lieu thereof returns of their contributions with interest;

S. 2326. A bill to repeal the Alaska Railroad Retirement Act of June 29, 1936, as amended, and to extend the benefits of the Civil Service Retirement Act of May 29, 1930, as amended, to officers and employees to whom such act of June 29, 1936, is applicable;

S. 2327. A bill to amend the act of June 27, 1944, Public Law 359, and to preserve the equities of permanent classified civil-service employees of the United States; and

S. 2328. A bill giving eligibility to Emanuel H. Waldecker for appointment in the classified civil service of the United States; to the Committee on Post Office and Civil Service.

S. 2329. A bill for the relief of Henrik Mannerfrid; and

S. 2330. A bill for the relief of certain Indonesians; to the Committee on the Judiciary.

By Mr. SMITH:

S. 2331. A bill to provide for the special care and feeding of children by authorizing additional moneys for the International Children's Emergency Fund of the United Nations; to the Committee on Foreign Relations.

By Mr. GURNEY:

S. 2332. A bill to extend to commissioned officers of the Coast and Geodetic Survey the provisions of the Armed Forces Leave Act of 1946; to the Committee on Armed Services.

(Mr. MURRAY introduced Senate Joint Resolution 197, to establish a commission to report on the development and conservation of the resources of the Missouri River Basin, which was referred to the Committee on Public Works, and appears under a separate heading.)

PRINTING OF ADDITIONAL COPIES OF SENATE REPORT NO. 1013, RELATING TO REDUCTION OF INCOME-TAX PAYMENTS

Mr. WHERRY. Mr. President, I ask unanimous consent to submit a resolution, and I request its immediate consideration.

The PRESIDENT pro tempore. The resolution will be read.

The Chief Clerk read the resolution (S. Res. 211), as follows:

Resolved, That there be printed 4,000 additional copies of the Senate report, when submitted, accompanying the bill H. R. 4790, to reduce individual income-tax payments, and for other purposes, of which 1,000 copies shall be for the use of the Committee on Finance, 1,000 copies for the use of the Committee on Ways and Means, 1,000 copies for the Senate document room, and 1,000 copies for the House document room.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

REDUCTION OF INCOME-TAX PAYMENTS— AMENDMENT

Mr. LANGER submitted an amendment intended to be proposed by him to the bill (H. R. 4790) to reduce individual income-tax payments, and for other purposes, which was ordered to lie on the table and to be printed.

ELIMINATION OF REGULAR ARMY AND AIR FORCE OFFICERS, ETC.—AMENDMENTS

Mr. PEPPER submitted amendments intended to be proposed by him to the bill (H. R. 2744) to provide for the elimination of Regular Army and Regular Air Force officers and for the retirement of officers, warrant officers, and enlisted men of the Regular Army and the Regular Air Force, and to provide retirement benefits for members of the Reserve components of the Army of the United States, the Air Force of the United States, United States Navy and Marine Corps, and Coast

24 4405 19 29